

DÁIL ÉIREANN

AN COISTE UM THITHÍOCHT AGUS EASPA DÍDINE

COMMITTEE ON HOUSING AND HOMELESSNESS

Dé Máirt, 31 Bealtaine 2016

Tuesday, 31 May 2016

The Select Committee met at 10.30 a.m.

MEMBERS PRESENT:

Deputy Colm Brophy,	Deputy Michael Harty,
Deputy Mary Butler,	Deputy Kevin Boxer Moran,
Deputy Joan Collins,+	Deputy Eoin Ó Broin,
Deputy Ruth Coppinger,	Deputy Fergus O'Dowd,
Deputy Barry Cowen,	Deputy Maureen O'Sullivan,
Deputy Bernard J. Durkan,	Deputy Brendan Ryan,
Deputy Kathleen Funchion,	Deputy Mick Wallace.

+ In the absence of Deputy Mick Wallace for part of the meeting.

DEPUTY JOHN CURRAN IN THE CHAIR.

Business of Select Committee

Chairman: Good morning. We have a quorum and are now in public session. I remind colleagues again that mobile phones must be put in flight mode or switched off completely, as should any other device that might interfere with the broadcast of proceedings. In accordance with standard procedures agreed by the Committee on Procedure and Privileges for paperless committees, all documentation for the meeting has been circulated to members on the document database. I propose we go into private session to deal with correspondence and other matters. Is that agreed? Agreed.

The committee went into private session at 10.35 a.m. and resumed in public session at 10.38 a.m.

National Treasury Management Agency and Department of Finance

Chairman: I draw the witnesses' attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give 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. 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 the witnesses have submitted to the committee will be published on the committee 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 Houses or an official, either by name or in such a way as to make him or her identifiable. I remind everybody to turn off mobile telephones or put them on safe or flight mode because they interfere with the meeting and the broadcasting equipment.

I welcome the National Treasury Management Agency, represented today by Mr. Conor O'Kelly, CEO, and the Department of Finance, which is represented by Mr. Eoin Dorgan and Mr. John Palmer. The witnesses are all very welcome. Their opening statements and submissions have been received and have been circulated. I will ask both organisations to make an initial summary and there will then be a range of questions from the members of the committee.

Mr. Conor O'Kelly: I thank the Chairman for the opportunity to attend here today and I hope I can be of some assistance. Rather than reading from my statement, it may be worthwhile to give an overview of the National Treasury Management Agency, NTMA, and explain how we are seeing the world through our lens, if one likes, as a debt manager. I will then talk in more detail about the Ireland Strategic Investment Fund which is more specifically relevant to the work of this committee. A couple of other areas of the NTMA also touch on the housing sector and I will also comment on them. I will then take any questions that members might have.

We all know that economic conditions are very favourable regarding economic growth and all of the numbers around Ireland's improving credit profile. That has been reflected in the upgrades from the rating agencies. Even long before this, investors in the bond market had re-rated Ireland significantly in recent years. Some years ago we were a peripheral European

country in terms of where we traded in the market, our yield and our credit spread over Germany and other countries. We have now moved into a more semi-core and we are now more compared to Belgium and France rather than Spain, Italy, Greece and peripheral countries. This reflects the improving economic conditions.

The credit of the country has improved significantly due to this economic performance. Another factor is that the interest rate environment has been favourable because of the policies being pursued by the European Central Bank. Quantitative easing, etc., has meant that interest rates are extremely low. The combination of low interest rates and Ireland's improving credit rating have meant that the National Treasury Management Agency, on the State's behalf, has been able to access finance markets at attractive and historically low rates in the past 12 to 18 months. That is great and it helps our interest bill, which has come down from approximately €7.5 billion to a little below €7 billion. Our belief is that in the coming years it could trend towards €6 billion. That is our hope provided the current interest rate environment remains benign. It is worth pointing out that in 2012 the forecast for our annual interest bill was €10 billion. Quantitative easing and the interest rate environment have significantly helped Ireland. We have been a major beneficiary, although we are still quite an indebted country.

I am keen to touch on that point. Although interest rates are low and we can access markets at attractive rates, we have a high level of absolute debt. We talk of how our debt to GDP ratio has come down to 94% from 120%. The economic growth figures push the ratio lower again. However, the absolute level of debt, at over €200 billion, is four times what it was in 2007. Our interest bill, which, as I have said, is close to €7 billion, was €2 billion in 2007. This debt is really the legacy of the crisis and we still carry it with us. When we talk about interest rates being attractive and suggest the State should borrow more money, it is worth reflecting that we already have substantial borrowings.

Regarding how the NTMA looks at the market and what it thinks about every day, the sovereign borrower is no different from any other borrower. The money we borrow has to be repaid or refinanced when it becomes due. We think about three categories. The first is revenue and what are our sources of revenue. What could happen to disturb or change those sources of revenue? Are we extrapolating unsustainable revenue in any case? In Ireland's case, as a small open economy, we are vulnerable to external factors. We have had a good deal of tailwind with low interest rates, low currency costs, good growth in overseas markets and low oil prices. However, these factors can change or reverse and we have to be cognisant of that.

The second category we think about is repayment. What are our repayment dates? How do they coincide with our revenue profile? Do we have enough flexibility? Do we have enough cash? Are we managing our short-term finances in a way that will allow us to do all of these things? I will outline our repayment schedule. For the coming 18 months, our repayment schedule is rather light, but in 2018, 2019 and 2020 a total of €45 billion in borrowing will become due over that three-year period, the majority of it in 2019 and 2020. This is what the people in the National Treasury Management Agency are already trying to think about and work towards. We have to think about these factors when we are in the borrowing markets.

The last factor is our absolute debt position. How much debt do we have? Who are we borrowing from? That is an important consideration. In Ireland's case, we borrow from international markets. Fully 90% of our traded debt is owned by international institutional investors. We do not have a big domestic savings market with regard to our debt. For example, a country like Japan has far higher debt levels than Ireland. It can sustain those levels because all of its borrowing can be financed by domestic savings. The markets look on those credits a

little differently from those of Ireland given that we are dependent on foreign borrowers to that degree. They are the considerations for us and we would be reluctant to add to that debt. The Department of Finance will talk about the other restrictions on the expenditure benchmark even if we could borrow.

We are considering what the Minister has asked us to focus on or prioritise in terms of housing and to find other parts of the NTMA we can free up to make some impact. In that regard the Ireland Strategic Investment Fund, ISIF, is the focus of the organisation. That is a fund of €7.9 billion and €2.4 billion of that has been invested throughout the country. This afternoon we will release the economic impact report from the strategic investment fund, which has a breakdown of the regional investments. Half of that is outside Dublin, half in the Dublin area, and across different sectors of the economy. We have approximately 50 investments in the pipeline with a value of close to €1 billion with some very interesting projects making a significant impact. Approximately 18,000 jobs have been created by the commitments made to those businesses to date.

In respect of residential housing, several investments have already been made in some platforms that have been discussed in parliamentary questions, etc. There is a company called Activate which has a €500 million fund. The strategic investment fund has invested €325 million with a co-investor who has put in the rest of the money. That €500 million fund is a non-bank platform that provides all-in finance to developers to build houses and could provide between 70% and 90% of the finance. The banks are now in the business of lending more like 50% or 60%. That fund has been created to fill that financing gap for developers. It has been up and running for only five or six months and my up-to-date information is that €50 million or €60 million has been drawn down to build approximately 800 houses. We have also invested in an equity vehicle called Ardstone that can buy land in the later stages of the planning cycle and partner with developers to build the houses. That has been active and has made its first transaction with approximately 400 houses on the pad.

We have invested in student accommodation with Dublin City University. That is an interesting sector because it is starting to move and releases houses that students are renting now, which frees up the market. It is an important sector. The ISIF has invested €54 million in a fund to build 2,000 units of student accommodation. That money released an additional €71 million from the European Investment Bank, EIB, into DCU's overall campus development. It has had a significant impact on that university.

The final, smaller one is an urban regeneration fund. There has been a regeneration investment with Kilkenny County Council. We want to set up a fund in conjunction with a domestic pension fund to bring that out to other councils throughout the country for big towns and cities. That is the current ISIF activity.

Our debt management team also provides funds to the Housing Finance Agency, HFA. Since 2010, we have borrowed money on its behalf. Prior to that, it borrowed in its own right. We borrow that money on the market at government rates and we do not charge any margin to the HFA so it is accessing at the best rates possible. It lends the money on to approved housing bodies.

The National Development Finance Agency, NDFA, is involved in public private partnerships, PPPs. That is a long-term channel that we should keep open. It does take quite a long time to come to fruition. It is working on a PPP which is set to build 1,500 social houses. The first bundle of 500 has been approved and is going through that process. It will be 2019 or 2020

before the public procurement process is completed and the houses can be ready for people to move into. It is a long-term channel that we want to keep open.

The Minister asked us to prioritise the sector and to look across the business in terms of whether we can come up with something else. We are considering a couple of platforms. One is an infrastructure fund to try to bridge the gap in places where infrastructure is clearly badly needed in order to release developments. The Dublin housing supply task force has said that close to 50,000 units could be built if infrastructure such as bridges, roads, water, sewerage, etc., is provided. We are considering establishing a fund that could lend money to local authorities directly or to private developers which would come to us. That would be different to what is available in the market because we could facilitate a ten or 20-year time horizon, or perhaps even longer. We would be prepared to take collateral against levies from local authorities - as houses are built - in a way that other financial institutions would not be prepared to do. The flexibility and tenure of the investment might allow us to do things a bit differently to the rest of the marketplace. We can add some value there and are working quite hard on that process. We are talking to local authorities and developers.

The second possibility is to consider a social housing vehicle whereby we could purchase social houses on behalf of approved housing bodies that are struggling to borrow money, that do not want to borrow or that cannot access funds. If they have identified houses they want to buy, we could set up a vehicle to buy houses on their behalf using funds from the Ireland Strategic Investment Fund or private capital. In terms of rental income, we would enter into a lease with approved housing bodies for 20 years. That would be an income producing vehicle and asset, and would, of course, crucially be off-balance sheet.

I apologise for speaking for so long. My final message is that we are trying to consider off-balance sheet private capital vehicles. The commercial property sector has come back to market a lot more quickly than the residential sector. A lot of institutional and private capital has come into the sector. In five or ten years' time, we will have a residential housing market that will have a lot more long-term institutional permanent vehicles to fund it and take risks. We do not want the banks to take risks because ultimately the taxpayer, as we know, bears the brunt of that. We want shareholders who are dedicated to the business to take the risk and to be able to go through the cycles with a bit more ease.

Chairman: I thank Mr. O'Kelly. I know there will be a number of questions, in particular regarding the off-balance-sheet aspect of funding. Before we take questions, I invite Mr. Dorgan to speak.

Mr. Eoin Dorgan: I will speak very briefly. I thank the committee for inviting the Department to accompany the NTMA to this discussion on possible new housing finance models. I am joined by my colleague, Mr. John Palmer, from the budgetary policy section.

I reiterate what Mr. O'Kelly said on the views of the NTMA on the State's debt levels. It is important that the State exercise caution in regard to additional borrowings. We already have a very high debt level and are vulnerable to internal and external economic shocks, as Mr. O'Kelly said. The substantial reduction in our debt costs has been very much attributable meeting our targets and overachieving in our budgetary targets. Other factors include the ECB's monetary policy and the strong growth model within the economy.

I draw attention to the programme for a partnership Government, which commits the Government to meeting in full domestic and EU fiscal rules. This commitment has been a reas-

insurance to financial markets, as evidenced by the recent Moody's upgrading which cited the Government's adherence to those rules. As a Department, we see that the reality is that any breach of the fiscal rules will have a negative impact on the State's borrowing costs, which will impinge on our ability to provide public services.

The programme for a partnership Government includes a number of commitments that involve the Ireland Strategic Investment Fund. The first is working with Irish banks, the European Investment Bank, industry bodies and the Central Bank to develop a new help to build funding scheme for the development of affordable housing in the private sector. The second is encouraging the delivery of housing-related enabling infrastructure in large-scale priority development areas, to which Mr. O'Kelly has already referred. From the Department's point of view, in order for the ISIF to accomplish its core objectives and the additional objectives which the Government may set for it, it has to operate in line with its statutory mandate of generating commercial return and also having an economic impact in terms of its investments. That return ensures that the principal and the return can be reinvested in the future so it is a constantly cycling fund. Therefore, any housing sector investments in which the ISIF engages have to be structured in a manner that generates a commercial return so as to meet the legal framework. That keeps it off-balance sheet, which is absolutely vital given the fiscal rules and also the State's budgetary and debt position. The Department is committed to working with other bodies to examine all potential financial models and looks forward to assisting the committee in its work.

Chairman: I thank Mr. Dorgan. Before I open the meeting to questions, perhaps Mr. O'Kelly would clarify two or three technical points specifically regarding issues he mentioned. He mentioned the possibility of funding student accommodation in, say, DCU. What progress has been made on that issue and is that deemed to be an off-balance sheet investment? Second, he referred to an infrastructure deficit across the four local authorities in the greater Dublin area that would have the potential to assist the development of up to 50,000 housing units and that the possible return on that investment could be from the development levies and so forth. Again, is that deemed an off-balance sheet type transaction? Finally, for the benefit of the committee, he mentioned Activate Capital which, while it is a new vehicle, commenced in January. There are ambitious plans for it. Does Mr. O'Kelly have any pathway, year on year, as to what the projected outturns might be? Perhaps he would deal with those three technical points and then I will hand over to the members.

Mr. Conor O'Kelly: On the first question on student accommodation, I was making a point about private capital in general coming into the sector and that is visible right across the various university campuses. They are seeing that and they are all developing student accommodation plans and investment is coming into that sector. In relation to DCU in particular, that is off-balance sheet. We are talking about student accommodation for 2,000 students. In terms of the infrastructure fund, probably Mr. Eoin Dorgan is better qualified to say what is off-balance sheet and on-balance sheet. Also, there are potential state aid rules to look at. That is where the commercial return comes into play. The market test has to be met in general, that is, if one starts to offer free money or money at rates that are different from the market rate, one will get into trouble in terms of state aid. On the off-balance sheet issue, it is important that private investors and co-investors are coming in at the same time on the same rate. That is generally a key test. The infrastructure fund can be provided at a competitive rate, it could be the lowest rate possible to meet that criteria but it cannot be zero and, probably, it cannot be 1% but I guess it could be 4%. By being more creative about the long-term tenure and the payback period something like the strategic investment fund can take a view, given its remit, that other

financial investors might not take.

Chairman: What is the potential outturn for Activate Capital?

Mr. Conor O’Kelly: I do not have a view. The original plan was that it could help build up to 8,000 to 10,000 houses over a five-year lifecycle and then that money would come back and the fund would be recycled and it would be a permanent non-bank vehicle that could finance that on that kind of a cycle basis. However, when it was set up the financial markets were a bit tighter and probably expected that it would charge a higher rate or that there would be more demand for their service because there was no other money available. By their nature, by setting it up, this is what happens and this is what happened in the commercial property sector. The first real estate investment trust, REIT, was Green REIT which went on to the market and probably thought it was going to be the only available capital for a very long time. Yields on commercial properties were 8% and 9% and set to stay at that rate and there were going to be great returns for investors but, of course, other capital does come in and follow. I am not saying this because we are an investor in the fund - I hope it is successful - but in the event of it having to meet other competition, that is probably a good outcome from the committee’s point of view because it would mean more finance becoming available. I think that is what is happening. One is starting to see the situation loosening up a little bit.

Chairman: We hope the fund will be successful this year and next year in particular because we need a catalyst in the market.

Mr. Conor O’Kelly: Absolutely.

Deputy Bernard J. Durkan: I welcome the witnesses and compliment them on their work over the years. The NTMA has been known to invest wisely in such a way as to achieve reductions in debt. I am interested in particular in the extent to which the NTMA borrows money and lends on to bodies such as the Housing Finance Agency, which we had before the committee recently. I seem to recall that its interest rate on lending was a bit higher, but I might be wrong about that. To what extent can the NTMA be assured that the bodies to which they lend money, having borrowed at a very competitive rate, do not take a handling fee off the top of it, any more than the NTMA does?

I am not a great supporter of housing bodies. The information came through that housing bodies are an option. That option failed. That is one of the reasons we have the current problem in respect of the deficit of local authority housing because there was a shift from the dependence on local authorities to the private sector and that did not work. My question is to what extent the NTMA can enter into an arrangement with local authorities to lend money to them, directly or indirectly, by way of housing co-operatives or by way of association with other bodies in such a way as to make the maximum amount of money available and at the same time keep within the off-balance sheet requirements.

What does the NTMA believe are procurement difficulties which obstruct the progress of what it is interested in doing, which we appreciate, because of the necessity to make rapid progress in the immediate and urgent situation of homelessness and impending homelessness arising from the issue we read about every day?

I have two or three more questions if you will bear with me for a moment, Chairman. Given that interest rates internationally are at an all-time low, there is always a tendency for people to invest in areas that produce a greater return, which in turn competes with the building of houses

and the availability of money to build houses. To what extent is the NTMA conscious of that and to what extent can it take steps to ensure the vital requirement of funding and the availability of funding to build houses now is ring-fenced to a considerable extent?

My final point relates to universities. I live in Maynooth and the university there has a significant development programme, which I presume is being considered in the context of the required student accommodation and funding for same. Reference was made to that at a committee meeting last week.

I note the NTMA has told us to dampen our expectations about the debt accumulation as time goes by. We know about that. The debt will also reduce as time goes by, in particular relative to economic growth. That has been the internationally accepted norm and expectation. Could the NTMA give the committee any indication or assurance on our rate of economic growth now and for the foreseeable future if prudent policies are followed to try to reassure our constituents - the people of the country - who made considerable sacrifices to bail out the financial institutions and are anxious to see some recognition of their efforts? I refer, for example, to the way some financial institutions are progressing to make many people homeless at present, which I believe is an issue that will have an impact on the work of the NTMA and the work of this committee.

Chairman: I will take the answers as we go along. Deputy Durkan's question on procurement might be better directed to the relevant Minister and his departmental officials, although it can also be directed to those who are here today. Representatives from the Department in question will be before the committee later in the week.

Deputy Bernard J. Durkan: Yes.

Chairman: I support the point the Deputy made about the Housing Finance Agency, HFA, which stated in its recent report that, based on current rates, it expects that it will be able to offer rates at less than 1.75%, fixed for 25 years, to local authorities for development finance. I believe that is the figure the Deputy sought.

Deputy Ruth Coppinger: Will the Chairman indicate how it is intended that we will proceed? We will hear from two very different organisations on two different issues. Is it possible to ask questions of one and then the other?

Chairman: When the Deputy is directing-----

Deputy Ruth Coppinger: I have specific questions on the NTMA but also on this-----

Chairman: The Deputy should put questions to both sets of witnesses and they will answer those which are relevant to them.

Deputy Ruth Coppinger: All together.

Chairman: Individually. When it is her turn, the Deputy should direct the question to either person and both will answer, one after the other.

Deputy Ruth Coppinger: It is just that there are two separate sessions in this-----

Chairman: There is an element of crossover on some issues and members were not sure who would have responsibility. That is why both sets of witnesses are present. The Deputy should direct her questions to one or both.

Deputy Ruth Coppinger: I have quite a few questions.

Chairman: We will get to the Deputy in due course. Mr. O’Kelly might reply to Deputy Durkan.

Mr. Conor O’Kelly: I will try to recall the Deputy’s questions in the order they were put. The Chairman has clarified the point about the HFA. We do not have a remit in terms of how it lends that on and the margins it charges. The HFA is under the aegis of the Department of housing. We are keen and we have tried, as much as possible, where the State is borrowing through any of its agencies, to centralise all of that in the NTMA. We have been working with the Department of Finance to do that body of work. That makes sense for everybody borrowing centrally because that is where we can achieve the lowest rates. How that money is used out through the system is a matter for each separate Department.

The Deputy asked me about the universities. I am sure Maynooth University is part of that. The availability of institutional finance now for student accommodation is widespread, and the Deputy might ask them to contact me and see the strategic investment fund if he thought that was appropriate.

In terms of the debt reducing over time and economic growth remaining, we will return to some sort of long-term potential growth rate. The Department representatives will have a view on that and I might pass that question to them. Ultimately, the discussion with Europe tends to be about our interpretation of the long-term potential growth rate for Ireland versus that in Europe, and the debate is somewhere between 2% and 4%. That has a big impact in terms of the forecast. I would point out that the absolute level of debt will only go down if we repay it. It only goes down as a percentage of our GDP.

Deputy Bernard J. Durkan: That is, unless a loan is reinvested or sold, which is what the lending institutions are doing at present. In the past the NTMA has disposed of, reinvested or relocated their loans, which has resulted in a benefit to the Exchequer.

Mr. Conor O’Kelly: Is the Deputy talking about refinancing the IMF loans, for example?

Deputy Bernard J. Durkan: Yes.

Mr. Conor O’Kelly: Absolutely. That is a significant issue. The Deputy will recall that we refinanced €18 billion of IMF loans in the market in 2015 and the saving was between €1.5 billion to €2 billion over the lifetime of those loans, which was significant. Critically, those loans were due to mature in four to five years’ time - I am cognisant of the dates I gave the Deputy earlier for other maturities - but we were able to replace them with loans with much longer maturities of 19 or 20 years. The average is 19 years in total. That was a significant improvement in the profiling of the debt and the interest we have to pay. Unfortunately, in terms of the debt we took on from the official debt, as we call it, the rates we are paying on that are very close to the current market level. There is very little room to refinance any other existing debt that would give material savings. Were rates to go even lower than they are now, some of those could come into play as being attractive to refinance but, unfortunately, all the expensive debt, in terms of our interest costs, has been refinanced already.

The Department representatives might discuss the growth rate.

Mr. Eoin Dorgan: To revert to the Deputy’s local authority question, in the first instance it is a matter for the Minister with responsibility for housing to set the role of the local authorities

in delivery. However, I make the point that local authorities fall within general Government expenditure in what they spend. If they structure in a certain manner, this does not exclude it from potentially going off-balance sheet. The key point we were trying to make in our initial presentation was that having a commercial return within the venture is one way it potentially could go off-balance sheet. The Deputy also mentioned the availability of funding for housing. Our thinking in respect of the development of housing is a mix of sources is needed and that to get the scale required, one must get the private sector involved. The Ireland Strategic Investment Fund, ISIF, measures have been positive in that sense and one is now beginning to see completely private sector issuances such as Cairn Homes and a number of others.

Mr. Palmer will respond in respect of the growth rate.

Mr. John Palmer: As regards the stability programme update at the end of April, the Department's forecast, which was endorsed by the Irish Fiscal Advisory Council, was that real gross domestic product, GDP, growth would be 4.9% in 2016 and would trend downwards towards the 3% mark as we move out towards 2020. Growth in nominal GDP, which is when one puts on the price effects of the GDP deflator, is expected to be approximately 7.6% this year and to trend down to just over 4% in 2021. The nominal figure is important because nominal growth in GDP is what gives us the denominator for the calculation of the debt-to-GDP ratio.

Deputy Eoin Ó Broin: I thank the witnesses for their presentations. I have a few questions and a comment that will put the questions in context. One thing to which many members of this committee are trying to find a solution is that, while we have a huge and growing housing need for families at the lower end of the income spectrum in particular, at the same time local authorities have been starved of resources, be it capital or the ability to borrow, to provide these houses. The private sector has stated it either cannot or will not build for a variety of reasons, but at the same time, it is cheaper to build and to buy and private finance is cheaper for whoever is borrowing. Members are trying to find ways to get the finance that is available to the organisations that are best placed to build those houses, which in the view of many members are local authorities and, to a certain extent, approved housing bodies, to provide the units on a scale far in excess of what has been discussed up to now by the Government. This is one discussion members have had and I will ask my questions with that in mind.

The questions are for both the Department and the National Treasury Management Agency, NTMA, and the first pertains to general issues regarding borrowing restrictions. I state this noting clearly the witnesses' caution regarding additional borrowing and I am ascertaining whether there is a way to answer this question in that context. On the one hand, our debt-to-GDP ratio is declining as a result of growth in the economy although the absolute level of debt clearly is very high. Within the fiscal rules and in particular within the debt reduction rules that are required, is there a kind of debt space, to coin a phrase, between the reduction as a percentage of GDP and what is required under the fiscal rules that gives the Government some additional borrowing room it could take up while still remaining within the fiscal rules? Clearly the witnesses would advise the Government not to take it up because of the absolute level of debt, but if there is such a debt space, the witnesses should map that out for a couple of years on the basis of the Government's projections. This may be more of a question to Mr. Dorgan but I do not understand fully the interaction between the debt reduction requirement under the fiscal treaty and the EU regulations and the expenditure benchmark. Even if there were some additional borrowing room within the EU fiscal rules, how would that then affect the expenditure benchmark as it is set out? Mr. Dorgan should try to explain this because some members of the committee seek to ascertain whether there is additional room, either in borrowing or spending, that could be

directed either on or off-balance sheet for the provision of social housing by local authorities. That is the first question.

Second, does the NTMA know why it is being suggested that commencement of the public private partnerships, PPPs, under the National Development Finance Agency, NDFA, will be in 2019 or 2020? If so, can Mr. O’Kelly explain this because I thought it would be earlier. As for the off-balance sheet stuff, are the witnesses referring to an expanded role for National Asset Residential Property Services Limited, NARPS, or to another vehicle? If they are referring to NARPS, my understanding regarding the properties the approved housing bodies currently are leasing through NARPS is that at the end of the lease term, they will not be the property of the approved housing bodies but will be the property of either NARPS or the original owner. The witnesses should clarify this and tell me whether it would be possible to use that vehicle and to have a lease-to-buy option whereby at the end of a 25-year lease, the assets would transfer over to the local authority or the approved housing body.

I have two final questions. The first concerns the Irish League of Credit Unions, whose representatives came here to discuss their proposals in the context of the Government’s social housing strategy 2020, NARPS and the possibility of additional loan finance. Although they were very diplomatic, they seemed to indicate that there was a triangle of interest between themselves, the Department of the Environment, Community and Local Government and the Department of Finance and Central Bank. Does the Department of Finance think that is another viable potential option for lower interest financing, whether for approved housing bodies or local authorities?

People keep talking about off-balance sheet, but EUROSTAT has already ruled unfavourably on the first significant off-balance sheet attempt by Government, which is Irish Water. It is not just on water charges because there were governance and other issues in that EUROSTAT judgment. On 4 March 2016, EUROSTAT issued a clarification with a new note on PPPs. It talked about retrospectively ruling out certain bodies that may currently be off-balance sheet, but may be put on if they change their operations. In terms of the conversations around NARPS in the programme for Government, will we encounter greater difficulties in keeping such a vehicle off-balance sheet if it starts to provide greater levels of essentially circuitous funding for social housing off-balance sheet?

Chairman: There were a number of specific questions there, so the representatives can decide among themselves who will take them.

Mr. John Palmer: I will start with the fiscal rule questions. The Deputy’s first question was whether there is a debt space under the fiscal rules *vis-à-vis* the debt reduction rule. As the Deputy is aware, the debt reduction rule requires us to reduce the debt-to-GDP ratio in excess of 60% of GDP by one-twentieth per annum, roughly 5%. It is one of three rules, however. There is the expenditure benchmark and the balanced budget rule, or the structural balance budget rule. When one is doing a fiscal policy, including what one is going to spend and also use for tax reductions, one must look at where one lands with all three. In any given year, one of the three will be the constraint. Normally, we are expecting it to be the expenditure benchmark which limits the amount one can spend, unless additional revenue is raised to pay for additional spending. However, at other times, it will be the structural balance rule.

In general, we do not view the debt reduction rule as being a constraint for the foreseeable future, primarily because of the nominal growth rates of GDP. In other words, the heavy lifting on the debt reduction rule will be done by the growth in the GDP denominator in the calcula-

tion. The Deputy is right, therefore, in that there is fiscal space under the debt reduction rule. Were one to borrow for off-balance sheet, that is, not interfere with the structural balance rule or the expenditure benchmark, that is a theoretical possibility. However, if one were to borrow to use it for general Government investment or spending, then they would become the constraint. I hope that explains that one has to look at all three.

Deputy Eoin Ó Broin: In Mr. Palmer's view, on the basis of the Government's projections over the next number of years, is it possible to increase the absolute level of debt but within the debt reduction rule without disrupting the other two rules, the expenditure benchmark and the structural balance? If so, by what margin?

Mr. John Palmer: I will have to go back and get some of the bright people who work with me to start figuring out the margin that would be available under that. The answer, however, is in theory "Yes", provided the money was not used for general Government expenditure. If the Government chooses to utilise the maximum available space under the expenditure benchmark, and we are still complying with the structural balance, then that is the limit. If one is borrowing in excess of that, one cannot use it for general Government expenditure. For off-balance sheet that is fine, but we are then back to the point Mr. O'Kelly made about the absolute level of debt and whether that is a wise thing to do.

Mr. Conor O'Kelly: As regards the other two, there have been discussions between the Irish League of Credit Unions, the Department of the Environment, Community and Local Government, and the Department of Finance. Essentially, we would view it as everyone engaging in a positive manner. Like any other investor, the ILCU has to come to us and said, "We can provide X amount", and we will see what we can do. Obviously we have to balance that against the taxpayer who, in many cases, will pay the interest bill on this. Therefore, we have to see if it is fair for all sides. They are still engaging and some of Mr. O'Kelly's staff are involved as well so we are advancing that.

Mr. Conor O'Kelly: In respect of NARPS and the PPP question, the possibility of having a larger and quite ambitious version of NARPS is a runner. I think the AHBs are the current preferred supplier of houses. Obviously, under Part V, new developments could go into the vehicle. It could be open-ended in that regard. In respect of the question of whether there is a right to buy at the end of the period or who owns the properties, under the NAMA model, the tenant has a right under the lease to buy back the property after 14 years. I will certainly take that away and have a look as to whether one could build something like that into it. I do not see why this could not be done. It just changes the nature of the vehicle but one could put anything into how one structures it. It just needs to be attractive for investors but I do not see why that would be a problem.

Mr. Eoin Dorgan: We must also be conscious that anything we do with NAMA is so strictly regulated - it is the State aid clearance - that we must be very careful because any suggestion that NAMA could come on-balance sheets means any expenditure it engages eats into general public service expenditure.

Mr. Conor O'Kelly: We will be looking at replicating this vehicle over here. It will be stand-alone.

Deputy Eoin Ó Broin: The questions that were not answered concerned the NDFA, PPPs and the length of time it is taking and whether we can maintain vehicles off-balance sheet in light of the Irish Water ruling and the EUROSTAT clarification in March on PPPs.

Mr. John Palmer: I will deal with the off-balance sheet issue. It is the old story. EUROSTAT is completely independent so in the first instance, the CSO decides on the treatment - the classification of these bodies. In what is known as the clarification process, every time the CSO makes a return twice a year in a process known as the Maastricht returns, EUROSTAT can rule one way or the other. Is there any guarantee that they will stay off-balance sheet? The answer to that question is “No” because it comes back and looks at it. In some ways, as long as it is a past event and gets reclassified on-balance sheet, it is not necessarily a huge problem because one changes the base so it is not a case of a body coming in and we must have find the money for that body within the existing fiscal parameters. One changes the base as well so one reflects what it was spending the previous year in the base as one moves forward. Thanks to the introduction of the European system of accounts, ESA, 2010, there has been a significant change. Probably the most significant feature of that is that it is not just a case of pure rules and one can tick off every rule and criterion to have something off-balance sheet. EUROSTAT also has the ability to take an overall view of the transaction. It can decide that although one ticks every rule, one is doing so specifically to try to avoid having something on-balance sheet and it can say that, ultimately, this is expenditure for a public policy good by a general Government body and is, therefore, on-balance sheet. We must be careful. The idea is that one comes up with commercial transactions and then runs them by the CSO. If the CSO accepts them, it will make the return and, hopefully, EUROSTAT will accept that.

Mr. Eoin Dorgan: Deputy Ó Broin referred to the new PPP guidance from the EU. He is probably aware that the former Minister for Public Expenditure and Reform wrote directly to the EU to complain about this and there is some ongoing discussion with other like-minded countries about those revisions.

Mr. Conor O’Kelly: In respect of the current PPP for social housing and the question as to why 2019 and 2020 have been chosen and why it is taking so long-----

Deputy Eoin Ó Broin: Are they notional commencement dates for those first 500 units?

Mr. Conor O’Kelly: They are completion dates. Those houses will be ready for somebody to move into in 2019 and 2020. That is the first bundle. There are three bundles of 500 and the first bundle has gone through. Neither of the other bundles has even started yet. The issue is the identification of clean sites from the local authorities. One has to have clean title and the identification of both sides to go into the vehicle that ultimately gets the private capital. That is a constraint. In general, though, while PPPs look slow, it is the public procurement side of that that is the slow part.

Deputy Eoin Ó Broin: Five years is exceptionally long even by the standards of our long-winded public procurement processes.

Mr. Conor O’Kelly: It is extraordinary. One of the issues is legal challenge, which is common. The State is currently being challenged in respect of Grangegorman where a €200 million PPP has been delayed for a couple of years. Students have been unable to move on to the campus. A legal challenge has been taken against the State regarding the process itself. It is technical, laborious and open to challenge. The entire process has slowed down and people are now disinclined even to participate because of the time involved. There are flaws and it is an extraordinarily slow system.

Deputy Barry Cowen: I thank the officials for their presentation. I welcome Mr. O’Kelly’s comments on funding and loans being made available to local authorities and private develop-

ers in the form of a bond or whatever that might be. When does he expect that to be initiated? When will the funds be available? Private developers cannot access funds at a competitive rate in the marketplace but they need to do so. The alignment with investment funds and Government funds is not meeting the requirement. The rates being charged are not better than the mezzanine funds available currently. It is paramount and essential, therefore, that this process begin.

We all acknowledge, as do all stakeholders, that housing and homelessness is in crisis and we are in an emergency. We also acknowledge on the basis of what the NTMA and others have said that conventional methods and funding models, especially in the context of the fiscal rules outlined by Mr. O'Kelly, are no longer viable. There has to be an overhaul and there has to be an extraordinary investment in housing in order that this issue will be resolved in a manner that we can all stand over and be happy about.

National Asset Residential Property Services Limited, NARPS, has the potential to be successful in its own right within the confines of NAMA and the constraints associated with it by virtue of the overarching legislation associated with the agency. That can be progressed and that is something for the Government, ourselves and everyone else who has an interest in seeking to ensure the social dividend expected from NAMA in addition to the commercial dividend can be achieved. That is one avenue by which it can be achieved but NARPS has served a purpose, as Mr. O'Kelly acknowledged, in so far as it has provided a recognition that there is potential for such a vehicle, perhaps a housing authority, that the NTMA could fund, which could then act as a means of supplying further funding, purchasing units or building units through local authorities or AHBs and even colleges. We need to stop talking about this and put it in place. We need that to be initiated as policy and driven by Government.

I do not appreciate committee members, with the best will in the world, asking the officials to come back to us. The Government has to take this by the scruff of the neck on foot of the committee's deliberations and the debate that has been going on for so long to bring forward a policy and the means and methods by which this issue can be addressed in its first 100 days, as it said itself. We are feeding into that process. It is incumbent on the committee to acknowledge that this is a way in which this can be addressed and in which extraordinary funding can be channelled down the right avenues. I acknowledge Deputy Durkan's love affair with local authorities and the conventional ways and means by which they sought to address the housing crisis. Unfortunately, the rules and regulations governing the spending of public funds does not allow us to make the capital investment needed to address this. That is the bottom line.

Deputy Bernard J. Durkan: They should.

Deputy Barry Cowen: They cannot.

Deputy Bernard J. Durkan: They have to.

Deputy Barry Cowen: Some argue that it is because of this that we will not revisit the unfortunate fiscal bonds we have had in the past. Deputy Ó Broin mentioned EUROSTAT's ruling on these vehicles and their commerciality. One must differentiate between a return on investment over ten or 20 years. As the witness said, 20 years is an appropriate length of time for the leasing period through local authorities, approved housing bodies or colleges. It is also an appropriate length of time for a return on investment. That is something that should be stipulated and acknowledged by those in authority in making a decision to run with this model. It is the only show in town and the only way this can be addressed in the manner in which it must be.

There is a need for extraordinary effort, funding and commitment and everybody needs to be singing from the same hymn sheet in order that we might address this matter. The rules relating to Government spending are such that we would not be able to invest as we would want and need to in a crisis or emergency. As a result, we must put in place a housing authority similar to NARPS as a vehicle to help with all the other pieces of the jigsaw so we can make this right. I ask the witnesses to insist in their deliberations with the Government that it is a means to an end.

Chairman: Do the witnesses wish to comment?

Mr. Conor O’Kelly: Is there a specific question?

Deputy Barry Cowen: There is not a specific question. The time for questions is over, a point which Mr. O’Kelly acknowledged.

Deputy Bernard J. Durkan: I agree with that statement.

Deputy Barry Cowen: Mr. O’Kelly has acknowledged that; it is the time for solutions.

Chairman: We will start on the deliberations next week and some of those will be the recommendations. Do the witnesses want to comment on anything Deputy Cowen said?

Mr. Eoin Dorgan: I will comment on the financing model. It is important that there is a risk premium charged because otherwise there is a potential difficulty of subsidies to individual market operators with on-balance sheet risks.

Deputy Barry Cowen: Does Mr. Dorgan think it could be construed that a 20-year return on investment is not sufficient and does not yield the sort of return that would meet the guidelines? There were other issues on Irish Water.

Mr. Eoin Dorgan: The longer the return on investment, the more careful one has to be that there is a good return. Many of the EIB proposals or projects are structured much longer term because their cost of funding is so much lower. They are generating a commercial return but perhaps not a private market commercial return.

Mr. Conor O’Kelly: Deputy Cowen is absolutely right. The financial model we have used in the past for house building is not appropriate for the future. In the UK, before the crisis, 25% of homes were built by publicly quoted house building companies; today it is 75%. They have seen a big shift. Today they are still building the same number of homes as they did in 2007 but they are built using a completely different financial model. Ultimately, we will have to see that kind of institution exist - permanent financing vehicles whose business it is to own development land, build houses, and planning. They take the risk and are in it for the long term irrespective of the cycles. It tends to lessen the volatility of the cycle when participants are doing that. If we are to have a better functioning housing market in the long term, we will need to see those kind of publicly quoted vehicles and private vehicles established.

Deputy Ruth Coppinger: I want to tease out why a fund that was a pension reserve fund that was paid for by the public has now become the Ireland Strategic Investment Fund. We are being told that it cannot really be used for social housing and I am trying to tease out, for people who watch the proceedings of the Committee on Housing and Homelessness, why that is the case.

The Ireland Strategic Investment Fund, ISIF, is required to have a commercial return, which was a political decision of the last Government and not the EU. Does this mean that the ISIF

is required to make a particular percentage profit on every investment it makes? Is it laid down anywhere in legislation, or is it just policy, that this fund is precluded from involvement in direct build of social or affordable housing? Many of the projects referenced are private housing projects that do not focus on social or affordable housing provision, which point I will elaborate on further later.

People are mystified. There is supposed to be consensus that the most strategic need in this country right now is housing yet the ISIF is not being utilised for housing provision. During the passage through the Dáil of the National Treasury Management Agency (Amendment) Bill, the then Socialist Party tabled amendments to it to the effect that housing be included in the list of projects, the response to which from the then Minister of State, Deputy Fergus O'Dowd, who is now sitting to my left, was that this could not be done unless the projects were being undertaken by way of public-private partnership or were non-State projects. Other parties disagreed and voted in favour of the amendments. This issue needs to be teased out.

My point is that political decisions were taken two years ago and this fund is now being disbursed but nothing is being spent on social housing provision. There is €4.5 billion remaining of the fund. Theoretically, how many social houses could be built with that €4.5 billion if the brief of the ISIF and the NTMA was changed by political decision made by a majority of the Dáil? It is laughable to hear Deputy Cowen asking the NTMA officials to raise this issue with the Government. It is for the Dáil to make these decisions. The people involved are supposed to adhere to the decisions of the elected representatives of this country. No offence, but most of the staff from the National Treasury Management Agency are from a banking background. It is for the Dáil or this committee to instruct the NTMA what to do.

Through the use of direct labour, which means the middle man or private company that is to be paid the profit would be cut out, and the large-scale economies which we heard about from the Housing Agency, including bulk buy of baths, showers and so on, theoretically a house could be built at a cost of €100,000. Many of the houses required are two-bedroom or one-bedroom units. In my estimation 50,000 social or affordable homes could be built through the Ireland Strategic Investment Fund if the majority of the current Dáil voted in favour of doing that.

Reference was made to three housing initiatives in which the NTMA is involved, two of which are Activate Capital to which the NTMA has provided €325 million of taxpayers' money and Ardstone Capital to which it has provided €25 million. The CEO of Activate Capital is, by coincidence, the former Allied Irish Banks and Ulster Bank executive who appeared before the banking inquiry and its chairperson is Mr. Dan O'Connor, former chairman of Allied Irish Banks. These points are relevant. These are people who recklessly gambled huge amounts of money. Ulster Bank had to be bailed out by the UK taxpayer to the tune of €15 billion. We all know that the truth about the solvency of Allied Irish Banks had to be dragged from its officials, yet the NTMA believes it is fine that these institutions are involved in spending the ISIF. Did they not have any pause for thought in that regard?

One of the first deals in relation to Activate Capital, of which I am aware because it relates to a development in my constituency, involves Mr. Sean Reilly of McGarrell Reilly, who is one of the Anglo Maple 10, now back in business having been bailed out by NAMA. It is nice to see him back on his feet having had his loans written down by €153 million. McGarrell Reilly is currently building houses in Hansfield SDZ, which land was designated as a strategic development zone to fast-track housing but it is a private housing development with, possibly, 10% designated as social housing. The cost of a two-bedroom house in that development increased

recently from €220,000 to €240,000. This is how this public fund is being used, with all the same old developers involved. I would welcome a comment on that issue.

On the off-balance sheet debate, during the establishment of the National Treasury Management Agency, we were informed that the latter's funds could not be used for social housing. As I said earlier, that was an Irish political decision. There is no international rule which prevents the use of NTMA funding for social housing. Two years on, we are still being told that this elusive off-balance sheet model is being developed. Where is that happening? As mentioned by other speakers, such as Deputy Ó Broin earlier and Ms Michelle Norris of the Housing Finance Agency in a lecture last week, public private partnerships are being recategorised. It is impossible to fit in with the off-balance sheet model if one is working on the basis of existing revenue. In Britain, all housing agency debt is being classed as state debt. The Department of Finance, in a letter to the Minister in respect of its new funding models, has stated that no new model would be capable of meeting this off-balance sheet mirage. Mr. Palmer indicated in his introductory remarks that additional revenue would have to be raised in order to pay for the extra spending. That is the only thing we can do. If people are to continue to operate on the basis of the existing cake rather than a larger one, then, on the basis of EU fiscal strait jacket to which this Government and others signed up, it will be impossible to fund the provision of social and affordable housing in this country.

Would the witnesses support the introduction of a housing tax of, for example, 3% on a property worth over a million and an increase in the rate of corporation tax or, at least, the application of the 12.5% rate in this area, to fund social housing provision? Do they agree that there are many projects that could be paid for by way of increased taxes on wealth in this country? The remainder of the funding available to the NTMA plus the €28 billion cash reserves that NAMA has could also be used to build housing. There are other ways this could be done but they must include revenue raising measures if we are to comply with EU rules.

Mr. Eoin Dorgan: As stated by Deputy Coppinger, the ISIF was established by the previous Government under the National Treasury Management Agency (Amendment) Act. ISIF expenditure impacts the fiscal rules such that any spending by it in respect of on-balance sheet activity eats into what can be spent on other public services. In other words, it would impact on the expenditure benchmark rule.

In regard to housing construction policy, the preferred delivery mechanisms for housing is a matter for the Government and the Minister with responsibility for housing. We are here to try to identify better financing options and areas where delivery can be increased through better structuring of mechanisms. In regard to the off-balance sheet debate, it is possible to do more if we keep spending off-balance sheet.

Deputy Ruth Coppinger: My question relates to how it can be done off-balance sheet.

Mr. Eoin Dorgan: I think we sent the committee information on the French example of affordable housing provision. Deputy Coppinger is right that it is difficult to keep social housing provision off-balance sheet. In France, the focus is on affordable housing and the generation of a sufficient commercial return through the charging of near market rents to service the debt. It is a €2.3 billion fund which comprises €500 million from the European Investment Bank, EIB; €1 billion from the French State and €800 million from private debt investors. This is effectively a subsidised housing model which is affordable because of the requirement of a sufficient commercial return to be generated to finance it.

Mr. Conor O’Kelly: On the question regarding the ISIF commercial return rate, the rate varies depending on the risk of a particular investment. The essential number to bear in mind, which is the average cost of all of our debt, is 3.1%. That has come down from approximately 3.4%. If one thinks of the fact that we have this debt over there and this cash here, we would certainly want to be making a return in excess of the average cost of our total debt. That means a 3.1% minimum return. Otherwise we would be losing taxpayers’ money. Approximately 4% is deemed to be the commercial return, but it can be a blend. It can be lower and it can be higher.

As I said, the fund has some social housing component. First, the property element of the portfolio must be diversified. We have learned from the difficulties of having all of our eggs in one basket. As a fund, I would always advocate diversification across different sectors and different regions. There is a component of property that is appropriate for the fund and within that we are going to ensure it is diversified as well. Members have heard us talk about the NARPS initiative. That is a social housing initiative which could be very substantial.

I do not wish to comment on any individuals involved in the projects we have backed but when we put money into these projects - it is €325 million into that fund - the money is drawn down as it is needed, so we have not sunk it away somewhere. It is drawn down as it is required and only €60 million in total has been drawn down so far. Our proportion of that is approximately €35 million and we still have the rest of it. It is committed to them, but only if they can meet the criteria and only if they are going to build the houses and develop as their business plan suggested. We have all sorts of covenants which provide that if they are not doing their job, the money gets withdrawn and is brought back in. In terms of management and who they are, of course we require them to have expertise and experience. That is a critical component in any investment decision.

Deputy Ruth Coppinger: On that point, when the NTMA was being established, we pointed out that there should be representatives in it of people who had been affected by the housing crisis. One can have expertise on mortgages and so forth without being a former banker. This appears to be a catch-all for putting the same people who brought the economy to a standstill and cost the State so much into key positions in the NTMA and, now, in other investment companies.

Mr. Conor O’Kelly: When the NTMA was set up?

Deputy Ruth Coppinger: When the NTMA was set up, we told the Minister at the time that there should be representatives on the NTMA to advocate for people affected by the housing crisis. The whole point of the NTMA was the debt we had incurred, and the people who incurred the debt are now getting positions through money that is being invested by the NTMA, which is a little ironic.

Mr. Conor O’Kelly: I do not have any comment to make on the board because the Minister appoints the directors.

Chairman: That is fair enough. I call Deputy Brophy.

Deputy Colm Brophy: I wish to return to Deputy Ó Broin’s comments on the debt space and the answer given by the witness, particularly the ability to make a judgment as to whether the agency could increase the amount of debt. Effectively, if one short circuits the answer from the witness, as I understood it and which would worry me, one is looking at maxing out the

State's credit card again if one goes down that route. The witness is talking about looking at the savings that are available and possibly looking at how borrowing can be increased to spend on housing. Is that exactly what the witness meant by that answer, that effectively there would be an increase in borrowing? We must be conscious of that and we must understand exactly where we are going with it.

I have a query on another matter. The witness mentioned the ability to set up a vehicle that would examine getting the voluntary housing associations involved and the way in which that would work, as distinct from the current situation where they access funding through the Housing Finance Agency, HFA. My experience with the voluntary housing associations, while not quite as negative as that of Deputy Durkan, is that they are not interested in ramping up to anywhere near the area one would need them to be to address the problem. There is a variety of reasons for that. Most of them just do not wish to do it; they do not want to go there. How does the witness think any other vehicle would achieve that to bring them on board? I was very interested in the French model that was mentioned, because my understanding is that EUROSTAT is no longer interested in anything being off-balance sheet. With due respect to ourselves and to the imagination of very creative people when it comes to trying to keep stuff off-balance sheet, I believe the starting premise from which EUROSTAT addresses the problem is that it is not going to grant that and no matter what we say, that will be the answer that comes back. Would the witnesses agree with that assessment, that there is effectively an almost total block on the potential for something to come from this country in this area and be viewed as an off-balance sheet vehicle?

Mr. John Palmer: I will answer the first question. What I was trying to say is that, assuming we have put forward fiscal plans that comply with the structural balance rule and the expenditure benchmark, then, all things being equal, given the way GDP is growing, there will be no problem complying with the debt reduction rule. I think this is what Deputy Ó Broin was driving at. At that point, in theory, one could borrow additional money and still comply with the debt reduction rule.

As a rough, back-of-the-envelope calculation, in theory in 2017 in GDP terms we need to reduce the debt ratio by about 1.4% overall. We currently have a projection of 2.7%, which reflects the fiscal plans. There is a gap between the two. If we use that money for general Government expenditure, we immediately put ourselves into problems with the expenditure benchmark and probably also the structural balance rules, but if that money were used for other purposes which were deemed commercial, that would be a possibility. However, the Deputy is right. General Government debt would go up. Further, as already mentioned, ISIF has €5.4 billion that it has not committed yet. Why would we borrow when we have that money?

Deputy Colm Brophy: Why would one want to borrow? Why would one want to increase debt?

Mr. John Palmer: Technically, it is possible.

Mr. Eoin Dorgan: One needs to be very careful with on-balance sheet borrowing. That is the point we are making. Rates can change very quickly and we have had very recent experience of that. In terms of EUROSTAT and the French model, there is not a definitive view on whether that is on or off-balance sheet. The way it is structured looks like an attempt to bring it off-balance sheet. We have to work within the rules and assume that we can so long as we adhere to the regulations. As Mr. Palmer pointed out, there is this catch-all. That is why the commercial return is such a key element of putting forward a proposition, because it does illus-

trate that it is a commercial return, although it may not be a market return, and that is allowable in terms of delivering on housing or another element of key capital infrastructure for the State.

Mr. John Palmer: On the question of EUROSTAT and what it does, one must remember it is also operating in a Europe-wide environment, so precedents are very important. If this French model flies, then it is a good precedent, we can seek to replicate it and that is excellent. The point about commerce is true as well. We might come up with plans that might just about fly but which EUROSTAT may not be willing to let go forward because of the precedent it would set for other countries. It may be too close to a barrier for EUROSTAT. It is a very complicated environment. We can try things, but ultimately the final decision-making is outside of our control.

Mr. Conor O’Kelly: Was the question the Deputy asked about the approved housing bodies, AHBs, and why they are not keen to borrow?

Deputy Colm Brophy: My understanding is that the AHBs are not keen to borrow nor are they willing to ramp up. It is even more fundamental than them not being keen to borrow. I believe they are not keen to ramp up. We have a number of agencies that are at a size and a point with which they are comfortable and we have a direct clash. We have State agencies, the NTMA and even the Housing Finance Agency, HFA, effectively and through very good, cost-effective offerings trying to push the agencies to a point. To use the analogy, without being in any way disparaging, if they are comfortable running a Spar corner shop, they do not want to be Dunnes Stores, and no amount of good, solid money made available at very low rates will necessarily make them want to change what it is they do. How does the NTMA’s proposition work in terms of getting them to buy into it and overcoming their natural resistance?

Mr. Conor O’Kelly: The National Asset Residential Property Services Limited, NARPS, model has worked because the approved housing bodies have not wanted to borrow more money for behavioural, capacity and other reasons, so the vehicle within NAMA has bought the properties for them. All they are doing is entering into a lease. They are seeing the demand, and they are in the business they are in, which is identifying properties for which they have a demand. The risk is taken and borrowing is done by the vehicle. That has proven to be successful. There are approximately 1,100 homes in the vehicle right now. It started off as just a facilitation, as part of NAMA’s business, but the growth in the vehicle demonstrates that there is demand for it. That is why we are hopeful that might be the case.

Deputy Colm Brophy: That still does not address fundamentally what I believe is the problem. Mr. O’Kelly spoke about 1,000 homes when in fact we are talking about solutions in the tens of thousands. That is the key problem. The agencies are not willing to go anywhere close to the level required as a solution. It is not just the point the witness has outlined about borrowing and incurring debt or whatever. It is that they just do not want to get to that size. I do not think that solution, therefore, is in any way for them the one which solves the problem.

Mr. Conor O’Kelly: From our point of view, we have been asked to concentrate on finding financing solutions. That is where our expertise and experience lies. Outside of that, if there are other blockages, maybe somebody else would be more expert than I would be.

Deputy Fergus O’Dowd: I apologise for being late. It has been a very interesting debate, the part of it that I have heard. Obviously, the crisis exists but we have the land, the capacity to build, we have people who want to move into the houses and different ways of finding the finance, some which will work and some which will not. It seems the best thing to do is to get

all the heads and all the expertise together - Mr. O'Kelly referred to the experience in France and elsewhere - to find a way to do it. It is just a matter of finding that way. Of course, it is also a matter of getting around the rules.

There are many large pension and investment funds - Canada is often mentioned to me - and there is a lot of money that people want to invest in countries like Ireland in solid 20 or 30-year investments with a low return but nonetheless a significant and constant return. Do the witnesses think we should be chasing these funds in terms of a new vehicle, which the witnesses mentioned, or whatever? Do they think we should be saying to these funds that we have planning permission for a certain number of houses on which we can guarantee a certain income and asking them to build them and we could lease or rent them on a long-term basis? Is that something that ought to be considered? It seems an obvious way of attracting significant investment that the State does not have to provide but benefits directly and immediately the citizens who want to live in those houses. That makes a lot of sense to me.

This country suffered greatly as a result of the financial collapse. The euro is still in existence because of what happened in this country. The issues we had and the way we dealt with them means that we are now ranked seventh in the league of most efficient economies. Is it not time to have a social dividend from the EU as a result of everything that we have done and obeying all the rules? If I am right, the programme for Government makes an indirect reference at least to making representations to the EU on this issue of housing. Is there potential in this regard for seeking separate and significant leeway for us in terms of meeting those needs? Apart from the huge job losses, another significant impact of the recession is the appalling misery in which tens of thousands of people are currently living. We are entitled to a social dividend in that context.

There is a lot of land in State ownership, including that held by local authorities, CIE, the ESB and so forth. We should be building on that land. Perhaps that is not an issue upon which the NTMA's representatives wish to comment. There are approximately 200 acres of State-owned lands at Gormanston Camp and a proposal was put forward a number of years ago to build social and affordable housing on 60 acres of that land. It is not a criticism to say that we need new thinking in our Departments in order to push solutions that have not been tried before. We need to exploit all of the assets available to the fullest in order that we might build affordable and social housing.

Mr. Conor O'Kelly: The Deputy is correct about the availability of private international capital through institutional investors. We are trying to attract such investment in the residential sector; it has already been evident in the commercial property sector here and in the UK. Part of the ISIF mandate is to attract co-investors. The €2.4 billion invested by the ISIF to date has been matched by a multiplier of 2.5 through co-investment, which equates to almost €7 billion. We are always seeking to include co-investors in any investments we make. In the case of the Activate Capital proposal, KKR is the co-investor, the Ardstone Residential Partnership involves co-investment from Aviva Ireland and the An Post pension fund, while the DCU investment in accommodation attracted the European Investment Bank as a co-investor. There are institutional investors right across the risk spectrum and that is what we need. The An Post pension fund and Aviva, for example, would be on the conservative end, while others would occupy the higher risk end of the spectrum. I agree with the Deputy that this is the kind of investment we need to attract. Such investors, however, need to see a platform that is established and that is what we are trying to look at right now.

Mr. Eoin Dorgan: The programme for Government commitments are for others to take

forward and the question on State land is one for the Ministers for Housing, Planning and Local Government and Expenditure and Reform. The latter has responsibility for the OPW, which holds a lot of that land.

Deputy Fergus O'Dowd: How hard are we pushing it in terms of going after the international investment funds for housing? Is the ISIF following up on that?

Mr. Conor O'Kelly: We are very actively looking at that space. We have engaged with many parties and will talk to anybody.

Deputy Fergus O'Dowd: Is there joined-up thinking between the ISIF and the aforementioned two Departments? Representatives from the relevant agencies have all been before this committee and they are very focused on the issue but is there a structured relationship between the ISIF and the Departments?

Mr. Conor O'Kelly: There is a lot of engagement with all of the stakeholders on the part of the NTMA. We do everything through the Department of Finance, which is our reporting Department. We report to the Minister for Finance but there is a lot of interdepartmental interaction and working together.

Deputy Fergus O'Dowd: Is there a common organisation? If not, would it make sense to have a cross-agency, cross-departmental committee meeting regularly to push the various ideas forward?

Mr. Eoin Dorgan: There were groups like that in the past. The top group now is the Cabinet sub-committee on housing which supersedes all earlier structures. As the Deputy knows, there is also a senior official group beneath that sub-committee now which draws on expertise from across the public service.

Deputy Joan Collins: I would like to make a longer statement but I know we are here to ask questions so I will try to keep my contribution fairly succinct. The problem is that social housing has not really been addressed here. All of the discussion is directed towards private financing for private developers to build houses that will probably cost between €300,000 and €350,000. People cannot access housing in that price range and we have not really come to the nub of how to address this. I have listened to the witnesses talk about restrictions, the Ireland Strategic Investment Fund, ISIF, and how one has to have all the structures and balances in place etc. Reference was made to France, and I hear through the grapevine that there is an Austrian social housing agency which is being funded to build 30,000 social housing units in Austria. If that can happen, why are we not hearing about it? Why are we not looking to find out exactly how that measure is structured and how it came about? From the committee's point of view, it needs to get that information, include it in the debate during the wrap-up and propose that kind of measure. The Department of Finance needs very quickly to look at what is going on with the European-wide situation and get on top of the situation because, as has been acknowledged, things are changing all the time. If a country is receiving money directly for social housing, then that is where we should be also.

Chairman: I thank the Deputy. Is the Department aware of the situation in Austria?

Mr. Eoin Dorgan: To be honest, one of our officials has been looking across different European countries and he certainly had prepared some material on Austria. I would have to check that with him. With regard to our key avenue in the Department of Finance, the European Investment Bank is quite a useful tool. If one is looking for finance for any of these measures,

one tends to route it through the European Investment Bank, which-----

Deputy Joan Collins: That is where that funding went through, yes.

Mr. Eoin Dorgan: Yes, we have a very small group which looked through the proposals that have gone through and if they see something that looks interesting, they send it on, whether it relates to SME credit or housing or whatever. The idea is to see what is there. As Mr. Palmer said earlier on, precedent is a very useful way of rolling something out. If we see something that we think might be of interest to another Department, we will send it on and see if they want to advance it.

Chairman: In a bid to be helpful to the committee, the last time the Minister for Finance was at this committee, he spoke about the French model and Mr. Dorgan subsequently sent on some information. If Mr. Dorgan has any further information regarding the measures referred to by Deputy Collins, he might forward them on by correspondence.

Mr. Eoin Dorgan: Yes.

Chairman: I will ensure Deputy Collins receives it also.

Deputy Maureen O'Sullivan: To follow on from what Deputy Collins has asked, we are being told that this off-balance sheet approach is, if not the only player then certainly the main player, in addressing funding for the housing situation. The witnesses said their role is finding and financing solutions, yet we have a housing crisis that requires a wider look at how that finance is going to be used. We know that social housing is a vital component of that and it needs very significant funding. It cannot just be the 10% that has been agreed. While the witnesses say they are looking at financing solutions, there is also a whole wider social aspect and I do not understand why, between the NTMA and the Department of Finance, that is not being addressed when they are looking at solutions.

In regard to the loan portfolio on properties that are being sold off, we know this is causing great fear and tension for people who are living in those housing estates. We met the residents of Tyrrelstown a few weeks ago. I must be careful with the words I use, but does the NTMA not have a role and could finance from it not be found to secure those loans instead of where the loans are currently going? Could one of the witnesses clarify if I heard correctly that the NTMA would purchase housing if it was identified by the local authority? I was not sure if I picked up on that right. Reference was made to engagement with DCU. Is that funding for all on-campus accommodation?

Mr. Conor O'Kelly: The DCU model is on-campus accommodation of 2,000 units. The NARPS model has been discussed and the NTMA is working on a couple of ideas, one of which is the infrastructure fund, which could be social housing. It does not make any difference. It could be freed up for either-or, and the NARPS vehicle that we are looking at replicating is a social housing vehicle.

Deputy Maureen O'Sullivan: Is there a timeframe for that? We have been talking about our housing crisis for over five years and it is worsening as we are talking about it. Certainly, in recent weeks we have become aware of many other aspects to it. The longer we talk, the greater the crisis is becoming and the more people are becoming homeless and adding to the list. Where is the urgency on the part of the Department of Finance and the National Treasury Management Agency in getting the solutions that will see a real difference?

Mr. Conor O’Kelly: We are ready to go.

Chairman: Mr. O’Kelly, I wish to clarify something because you hit on a point that has come up specifically in respect of National Asset Residential Property Services. Let us call it NARPS 2 because it is outside NAMA and it is a new model. The committee’s understanding is that accessing the funds is not the issue but rather the technical construction of NARPS 2 is the problem. You are saying now, Mr. O’Kelly, that you can do that more or less immediately. Is that correct?

Mr. Conor O’Kelly: Technically, it is not difficult. It is already in existence within the NAMA structure. Essentially, we would be copying it. We know it works. We know that in an administrative sense we could replicate it as a vehicle. It is not a new idea and therefore we are not concerned about whether it will work.

I realise the other Deputy expressed a view that it would not be as scalable as we thought. However, from a financing point of view, the Ireland Strategic Investment Fund could invest €250 million. We could have an additional €250 million, €500 million or €1 billion. It could continue to grow and be an effective vehicle. It could be an income-producing vehicle controlled by the State in that sense and it could be run by whoever. It could be run by the NTMA or someone else - it does not bother us where it sits.

Deputy Bernard J. Durkan: That was the original intention but it did not happen.

Chairman: Let me conclude on the question with one final point. Earlier, Mr. Dorgan, you were answering a question from Deputy Brophy in respect of NARPS. He took up the question from a slightly different angle but you mentioned that the original NARPS entered agreements with the approved housing bodies. If NARPS 2 entered agreements with local authorities rather than approved housing bodies, would it be deemed off-balance sheet?

Mr. Eoin Dorgan: Yes. We said earlier that local authorities are on-balance sheet. Like other on-balance sheet organisations and depending on the joint venture and the nature of the transaction they engage in, it can be considered off-balance sheet.

Mr. John Palmer: Yes.

Chairman: Are you saying with a degree of confidence, Mr. Dorgan, that if NARPS 2 were engaging with local authorities rather than approved housing bodies, the Department would be comfortable to take the view that because NARPS was off-balance sheet it follows that NARPS 2 would be off-balance sheet as well?

Mr. John Palmer: We would have to see it.

(Interruptions).

Chairman: I want to hear the answer.

Mr. John Palmer: We would have to see the actual transaction.

Mr. Eoin Dorgan: We would have to consider the ratio returns. We would have to talk to the Central Statistics Office and EUROSTAT as well.

Chairman: Yet the Department can do it in this way for approved housing bodies. Is that

correct?

Mr. John Palmer: The approved housing bodies are off-balance sheet already. They are not classified in the normal way.

Mr. John Palmer: A key element is control and who controls it.

Mr. Eoin Dorgan: Yes. That is why we have to be careful.

Mr. Conor O’Kelly: We are looking at it urgently. That is what we are here to do and that is why we have come up with the idea. We have been meeting for the past six weeks since the Minister asked us to look at the question across the various parts of the business.

Chairman: Deputy O’Sullivan, are you happy with that? Sorry for interrupting you.

Deputy Maureen O’Sullivan: What about purchases for local authorities that have identified properties already in existence? Did the NTMA representative comment on that earlier?

Mr. Conor O’Kelly: Yes, potentially.

Deputy Michael Harty: I am struggling with the concept and trying to understand it. What criteria distinguish borrowings that are on-balance sheet from those that are off-balance sheet? One of the members of the deputation said it was difficult to keep borrowings for social housing off-balance sheet but that borrowings for affordable housing with a return could be kept off-balance sheet. Will the deputation expand on that? What Government borrowings are off-balance sheet at the moment? What type of borrowing is off-balance sheet?

Mr. John Palmer: Let us suppose a body is within general Government, for example, the NTMA, the Housing Finance Agency, local authorities or Departments. If they borrow money, it is on-balance sheet; the borrowing is on-balance sheet and it is in our general Government debt. Obviously, then, it contributes to the debt to GDP ratio. The off-balance sheet story is about when we use that money. If that money is used in a way that is classified as general Government expenditure, it contributes to the deficit calculation on a headline basis and to the calculation of the structural balance, and will count towards the expenditure benchmark. However, certain transactions are classified as being outside general Government, for example, certain investments. Some of the investments in the banks were classified as equity investments and did not count towards the deficit but in so far as we had either borrowed the money, or not repaid money that we could have otherwise repaid, it is still within our debt. That is the dichotomy. Any money borrowed by any general Government body is general Government debt. There is no borrowing outside that. It is a question of whether it counts for the deficit calculation and for the rest of the fiscal rules, the structural balance sheet and the expenditure benchmark. I hope that explains it.

Deputy Ruth Coppinger: It is getting very Jesuitical here: how many angels can dance on the head of a pin? Is Mr. Palmer saying that the EU bans Ireland from spending savings, not borrowings? The Strategic Investment Fund was built up over years. We are not borrowing it. If a family needs to spend money that it has saved, it does not add to its debt. Are the EU rules so severe that we cannot even spend money we have built up over years? That is what I asked earlier and I did not really get the answer. It is getting Jesuitical. The three witnesses are the experts yet they are not even able to point to one example of where this has happened. They mentioned some vague thing about France. If we have to break the EU rules to build houses for our people, I put it to them that we should break them but if they can tell us a different way that

does not break them, I will be all ears.

Mr. John Palmer: I will answer the Deputy's technical question at the start. General Government expenditure and revenue are calculated or measured by reference to the European system of accounts 2010. It is an annual system. The Deputy is perfectly correct that it examines revenue and expenditure in a given year. That is how we calculate the headline deficit. That is the starting point for the structural balance and so forth.

The Deputy is right that if money had been raised in earlier years and put aside and spent, it counts as general Government expenditure. When it came in, it was counted as revenue for the year it came in. That is a fact of life. That is the way the accounting system works. All our targets are set on this annual basis. Up to this year, it was a straight deficit. Now we are into the preventive arm and we are talking about the structural balance and complying with the expenditure benchmark. We have to consider what we spend in a given year and the revenue in a given year and revenue from earlier years does not count. There is no offset for it because it was recognised when it arrived in the first place.

Deputy Ruth Coppinger: Is it not ludicrous that there is no offset for it because we have money but the EU does not allow us to spend it where it is most needed in the whole country?

Mr. John Palmer: That is just getting into the overall statistical system and straying beyond us.

Deputy Eoin Ó Broin: I want to tease out a little further the potential off-balance sheet options. We have a potentially significant investment capacity in ISIF and we have a vehicle that we know works in NAMA Asset Residential Property Services, NARPS, whether it is kept as NARPS or NARPS 2. The difficulty is that if it is used as a way of providing 100% social housing, there is no commercial return because social housing is subsidised by the State so it will fall foul on those grounds. The difficulty for many committee members is that if it is used for private housing with a Part V 10% commitment, it will not produce sufficient social housing to tackle the scale of the crisis we are concerned about. I am asking a question knowing that the witnesses probably will not be able to answer it. If, for example, NARPS, accessing ISIF funding, was to invite people with land, local authorities, approved housing bodies or whoever, to come forward with proposals for mixed tenure estates to include social housing, cost rental housing and affordable purchase housing, my preference would be for the local authorities to bring forward their landbanks and state they would like to provide 30% social housing, 30% cost rental and 30% cost or affordable purchase. They would be local authority-managed estates, but the financing model would allow for a commercial return, both from the affordable sales and the cost rentals. Those could be used to ensure there was a commercial return to NARPS and the ISIF through the initial loan. It would allow them to produce housing on a scale which the 10% Part V commitment would not allow. It would also allow the leveraging of landbanks that many local authorities in Dublin city, south Dublin and others already have.

Deputy Brophy is wrong. It is not the case that the housing bodies do not want to borrow money. In fact, if one speaks to the five or six large approved housing bodies they will say they reckon that within a couple of years they could produce 4,000 units a year compared with the 1,500 or 1,600 produced at the current time. Even that capacity would not meet the need that exists. Could such a proposal be explored within the current framework? If we do not find some way of doing something like that, off-balance sheet schemes will simply involve private housing with 10% Part V social housing, which will provide nowhere near enough housing.

Mr. Conor O’Kelly: What the Deputy has described is exactly what we are exploring. It would qualify-----

Deputy Eoin Ó Broin: Dublin City Council, for example, is currently considering a similar model that involves bringing in the private sector. It is leveraging its land. The difficulty when one brings in the private sector is that the cost of building the units, including all the compliance, is significantly higher than when local authorities alone are involved. I am specifically interested in a local authority partnership which leverages land and reduces the cost of producing units to a level well below that of the private sector. Such an approach is still off-balance sheet because there is a commercial return from the affordable units and those available for purchase.

Mr. Conor O’Kelly: I believe it is possible.

Deputy Ruth Coppinger: This is something the committee will have to tease out. The difficulty with such a scheme is that the rents could be very high to meet the criteria.

Chairman: No, I understand Deputy Ó Broin referred to a mix.

Deputy Eoin Ó Broin: There would be differential rents for a portion. There would be different-----

Deputy Ruth Coppinger: I know.

Deputy Eoin Ó Broin: There would be differential proportions and below market rents for other portions.

Deputy Ruth Coppinger: I am well aware of what Deputy Ó Broin said. The cost would be 70% of the market rate. That is still a very high rent.

Chairman: Colleagues, that is a matter for deliberations. Deputy Ó Broin asked a specific question to elicit information and received a direct answer. Deputy Durkan had a brief point.

Deputy Bernard J. Durkan: The Chairman knows all my questions are brief. I refer to the definition of normal Government expenditure, which I presume includes capital and current expenditure for the purposes of this exercise.

Mr. John Palmer: Yes.

Mr. Eoin Dorgan: Yes.

Deputy Bernard J. Durkan: That quite considerably narrows down what can be done. There is a stranglehold on what can be done. We all appreciate the collective difficulties of the witnesses, but we also have a difficulty which is pressing and becoming more so as the hours go by. It is not a question of avoiding the issue and hoping it will go away. These issues will not go away. Young people are now desperate about obtaining a home by one means or another. We have little to offer them.

We accept the rules, but they have to become amenable to the needs of the community at large in the country. If they do not, then the rules fall into disrepute. What incentive is there for local authorities to hand over their lands to private housing bodies? Is it not much more efficient for local authorities to develop the lands? How efficient and cost-effective is it for private housing bodies to obtain lands for nothing from the State through local authorities at a cost of, for example €1 per housing site, and take out 100% loans to build them? That is what the capital

allowance scheme involves. It has now been phased out, to some extent, but the same general principle applies. The Chairman is a lot more intelligent than I am. I cannot understand how it is expected we can solve a housing problem that way. Like my colleague, Deputy Brophy, I believe housing bodies are unsuitable. Their structure is unsuitable to handle the magnitude of the problem. They did not, could not and will not deal with it. That is not due to a reluctance on their part, it is because they are more suited to dealing with niche markets, such as special needs and sheltered housing, at which they are excellent. They display 100% efficiency in that regard. Nobody would quibble with that view but in the context of the general issue of the magnitude of the housing requirements, they are unsuitable. Their structure is not right.

There are - or at least there were - approximately €90 billion in personal savings in this country, unless somebody spent the money since I last counted. I made a submission on the matter to the Department of Finance and received a negative response. Is there any way those personal savings could be utilised over a period in light of the seriousness of the housing problem?

Mr. Eoin Dorgan: On the first point, there is an element of consumer choice in terms of what people do with personal savings. The NTMA has State savings products, which are available, that will go towards the provision of housing. I would urge caution in the sense that when one ties what is a sovereign loan to a specific project, sometimes it can have a perception of being less secure, whereas the State does all its borrowing as a sovereign. It is similar to taxation; we do not hypothecate taxation either.

In terms of the Deputy's other points, to be honest, it is really for the Minister for Housing, Planning and Local Government in terms of how local authorities interact with property holders.

Deputy Bernard J. Durkan: We know that, but we want the witnesses to know it as well.

Mr. Eoin Dorgan: Okay.

Chairman: Before we conclude, I have two very brief questions for Mr. O'Kelly. When the Minister for Finance, Deputy Noonan, was answering questions in the Dáil recently, he referred to the fact that the NTMA is looking at different funding models. I take it from the discussions we have had today that one of those specific models is what we are loosely calling NARPS 2 or something around that. Earlier, Mr. O'Kelly spoke about infrastructural deficits. I take it that might relate to a different funding model, again off-balance sheet. Could Mr. O'Kelly please comment on that?

Could Mr. Dorgan or Mr. O'Kelly please respond to the next point? We had the Irish League of Credit Unions before the committee. It has substantial funds available. It is the element of risk that determines exactly what is what in respect of all projects. Do the witnesses have any comment to make on the funds which are available and which possibly could be used? I realise there is a cost element as well as a risk element. I suppose the risk element determines the cost.

Mr. Conor O'Kelly: The Chairman is right. The two specific financing vehicles that we think have some legs and could have some impact are the NARPS 2, as we are now describing it, and the second one is an infrastructure fund where we would put ISIF money plus additional co-investment capital in there and provide financing for this infrastructural deficit. Homes have already been identified by the Dublin housing supply task force in this area and in other parts of the country. The idea is that one would finance either the local authority itself by provid-

ing it with attractively financed options, both through the rate and the tenure, or that one might provide funding to developers themselves on a similar basis in order to build the infrastructure for the local authorities. Right now, local authorities cannot get the infrastructure built one way or the other and a solution is needed. We think we could play a role there and we have been in active discussions both with local authorities and developers in that regard.

Chairman: Does Mr. O’Kelly have a high degree of confidence in that?

Mr. Conor O’Kelly: I do.

Chairman: The other issue relates to credit union funding.

Mr. Eoin Dorgan: There have been discussions in that regard. If credit unions want to invest, we would be interested in partnering with them. Cost is the issue. We must be able to justify paying. If there was a substantial difference to the State’s borrowing rates, we would have to have a very strong justification for that.

Deputy Eoin Ó Broin: When the Irish League of Credit Unions appeared before the committee, its spokesperson indicated that the interest rate is not the big sticking point for credit unions and that they would consider a lower interest rate than they might have originally proposed to the NTMA and others a year and a half ago. Was that the sticking point in the discussions until that point because clearly there was something-----

Mr. Eoin Dorgan: It is not; it is a separate division which is dealing with this discussion. I am not central enough to it.

Deputy Joan Collins: I find it perverse that the Irish League of Credit Unions proposal has been before the Department of Finance since last October, when it wrote initially and we became aware of it, and not one house has been built or even gone to planning stage. The figure is €3 billion.

Deputy Ruth Coppinger: They have €5.4 billion over there.

Chairman: That is a separate section. The only comment I would make, from the evidence before the committee, is that the Irish League of Credit Unions seems to have cash on hand. There is a necessity for State funding but there is also a necessity for it to find something useful to do with it.

Deputy Brendan Ryan: On that point, when the credit union representatives came before the committee they confirmed that the problem is with their regulator and not the availability of funds. They have to get past the regulator first.

Deputy Kevin Boxer Moran: Everyone who comes in here talks about social and affordable housing. The affordable housing model that was set out has not worked. Regardless of the constituency one goes to, it has not worked. I want to hear the witnesses’ view on that. In my local authority, anyone living in an affordable house had to be bailed out by the State in the difficult times. I am curious to hear the witnesses’-----

Deputy Ruth Coppinger: I am living in an affordable house. What does the Deputy mean when he says it has not worked out?

Deputy Kevin Boxer Moran: I should have said shared ownership.

ASSOCIATION OF IRISH LOCAL GOVERNMENT

Deputy Eoin Ó Broin: Some of them were very expensive in the-----

Deputy Kevin Boxer Moran: The prices of some of them were crazy.

Deputy Bernard J. Durkan: And rentals.

Deputy Ruth Coppinger: Yes, but there is not an affordable housing mortgage, and that is fine.

Deputy Kevin Boxer Moran: All the talk is about on-balance sheet and off-balance sheet. If we come up with ideas in this committee, we have to refer to the issue of finance. Is it fair to say that regardless of the ideas we come up with, they must meet the requirements in that regard or nothing will happen in terms of those ideas? We meet here every Tuesday and Thursday. The witness said the Minister came to him in the past six weeks, but this problem has been going on for the past five or six years. What new model have the witnesses come up with to get us out of this crisis? We have to get out of it, not today or tomorrow but now. We have to come up with findings to make that happen, but we are not-----

Chairman: The recommendations we will make will be based on the evidence and the suggestions put forward that will stand up to scrutiny.

I thank the representatives of the NTMA and the Department of Finance, Mr. Conor O’Kelly, Mr. Eoin Dorgan and Mr. John Palmer, for their attendance, their submissions and the direct answers they gave, some of which, whether we like it or not, were helpful and informative in the deliberations of this committee.

Sitting suspended at 12.35 p.m. and resumed at 2 p.m.

Association of Irish Local Government

Chairman: Before we commence and go through the formalities, the first item concerns mobile telephones, which must be put in flight mode or switched off completely because, apart from interfering with the meeting, they affect the broadcasts and recordings. I again ask those with mobile telephones to please turn them off. I draw the witnesses’ attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give 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. 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 statement the witnesses have submitted to the committee will be published on the committee 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 Houses or an official, either by name or in such a way as to make him or her identifiable.

I welcome the Association of Irish Local Government, represented today by Councillors John Crowe, Pat Daly, Padraig McNally, Michael Hourigan, Pat Fitzpatrick and Dermot Lacey. The witnesses are all very welcome. At the outset, I indicated their submission has been re-

ceived and has been circulated among members. I propose the association makes an opening statement based on that submission, after which there will be questions from the members of the committee.

Mr. John Crowe: I thank the Chairman. Before I begin, we thank Deputy Brendan Ryan for arranging this appearance before the committee.

The Association of Irish Local Government, AILG, is the statutory representative body representing the democratically elected members of Irish local government and the members' authority. The association supports the elected members in their role as board members of the local government units in the State. The AILG supports the establishment of the Oireachtas Committee on Housing and Homelessness, as its members believe the country is facing one of the biggest housing and homelessness crisis in its history. The work of this committee is an important step in resolving the challenges facing those affected by this crisis. We note the Minister has consulted the chief executives of local authorities and not the elected members on this issue. In some ways, that sums up the cause of the problem to date.

The Department officials are not dealing with the people, namely, the elected members, who are dealing on a daily basis with those in housing distress.

The association thanks the Chairman and other members for inviting us to make our presentation and to brief the committee on the views of our local public representatives. Today, we will set out what local representatives believe must be done in order to provide access to appropriate social and affordable housing. We bring to the table the experience of elected members for whom housing related issues are a central concern in their work as public representatives. We can safely state that, currently, no other local government issue generates as much of a councillor's workload as housing.

While this submission does not represent the full extent of our association's housing policy, it does outline the key priorities which we believe should be included in the report of the Committee on Housing and Homelessness that will be presented to the Dáil over the coming weeks. Our submission contains recommendations that we believe need to be implemented in both the immediate and longer term in order to address the housing and homelessness crisis currently facing our country. Our key point, which we will be making throughout our submission, is that the role of local authorities, as the housing authority in each city and county and as lead providers of social housing throughout Ireland, needs to be reinforced in order to fully address the current crisis.

We do not disregard the role and contribution of other social and affordable housing providers. For more than a century, local authorities have successfully been providers of social housing for the population. Our local authorities have a strong record of achievement in the housing area. Many independent commentators, including many contributors to this committee over the past number of weeks, have reiterated that local authorities should be the primary provider of social housing in the country. In the context of any housing policy, the experience and capacity of a local authority as the housing authority needs to be underpinned and emphasised.

We note that some commentators are calling for the right to a home to be enshrined in our Constitution by way of a referendum. We would like to point out that local authority housing is the only current form of social housing that offers tenants the opportunity to buy out their houses and become home owners. Home ownership is, we believe, an aspiration that should be afforded to all social housing tenants. To this end, we welcome the new tenant purchase

scheme introduced earlier this year, which will provide opportunities for tenants to become home owners.

We would like to make some specific points regarding individual measures and recommendations that we would like the committee to consider and include in its final report to the Minister and the Oireachtas. I will call on Councillor Padraig McNally to comment on the commencement of a national local authority house-building programme.

Mr. Padraig McNally: I thank the Chairman and other committee members for inviting us here today. The AILG, believes the Oireachtas Committee on Housing and Homelessness should propose that local authorities embark on a more ambitious, nationwide local authority house-building programme to include acquisitions and a new-build element. With approximately 139,359 people on local authority waiting lists as of February last, there must be a significant increase in capital funding for local authorities to deliver an acquisition and new-build programme in the next five years to meet this ever-increasing demand as our population grows. We are already a year into the social housing strategy announced in 2015 but little has been achieved. In some ways, this is due to the fact not enough projects have been shovel ready to commence.

During the course of the past decade and under various Governments, national policy has been over-reliant on the private housing market to deliver social housing units. We believe now is the time for this trend to be reversed. The number of local authority social housing units either newly built or acquired fell from 31,527 units delivered in the six-year period from 2004 to 2009 to 5,702 units delivered in the following six-year period from 2010 to 2015. This significant drop in local authority new build and acquisition units was partially compensated through the delivery of 32,011 privately provided housing units during the same six-year period to 2015. These units were delivered through several other social housing supports in the private housing sector including the rental accommodation scheme, RAS, the housing assistance payment, HAP, and the social housing current expenditure programme, SHCEP, previously known as long-term leasing.

Such figures demonstrate considerable over-reliance on the private housing market to deliver social housing units. However, with population growth figures set to continue to rise and a high demand for housing, this will inevitably lead to both social housing and private housing clients competing for the same limited supply of units in the absence of a significant increase in the building of social housing units. While we believe local authorities, in their role as housing authorities, have an important function in facilitating housing provision and development in conjunction with the private sector and the approved housing bodies, it is imperative that local government be allowed the freedom to substantially enhance its own capacity to directly deliver housing units.

Under the current Social Housing Strategy 2020, it is proposed 110,000 social housing units will be delivered between 2015 and 2020. Of these, however, only 35,000 are to be delivered through new builds and acquisitions, with the remaining 75,000 to be delivered through the existing RAS and HAP schemes via the private housing market. We feel the HAP scheme has reached saturation point because the housing units are simply not there. The association sees this as a continuation of the existing over-reliance on the private housing market. Accordingly, in the absence of a significant investment in new unit development by the local authorities, we envisage continued inability to meet housing demand throughout the State. We, therefore, call for the figures, as set out in the social housing strategy, to be revised to a more even 50-50 split for the delivery of these units between new builds, acquisitions and units delivered under the

RAS and HAP schemes.

Local authorities have a strong record of achievement in the area of housing and are always conscious of the need to create sustainable, integrated communities with access to schools, community facilities, shopping centres and employment. A national local authority house-building programme will ensure that these sustainable communities will continue into the future. In that regard, we caution against following simplistic calls for NAMA housing to be handed over in bulk to local authorities. We have a responsibility towards sustaining communities. Simply accepting units offered through NAMA, without due regard for the need for community sustainability, could conceivably end up creating even more legacy challenges for the relevant housing authorities.

In conclusion, given that our research is in some ways limited, we believe there is a very small number of NAMA units available in many parts of rural Ireland, many of which, thankfully, from an Exchequer perspective, have already been sold off. I will ask Mr. Dermot Lacey to continue.

Mr. Dermot Lacey: My name is Dermot Lacey and I am from Dublin City Council. In deference to the Chairman's statement that the report is being circulated, I will not go through the entire submission but comment briefly. The bottom line is that we need to build houses. One can have all the policies and strategies but there is simply a lack of homes and they need to be provided. In order to deliver on some of the ambitious targets, a huge amount of funding is required. It is estimated that this is in the region of €5.5 billion. We recognise that this will be a challenge for whoever is in Government but it is a challenge that must be met. We welcome the recent comments by the Housing Finance Agency that it can lend at a fixed rate of 1.75% to local authorities for social housing projects. The agency has stated that it has the capacity to deliver up to €10 billion and we believe this offer should be accepted. We recognise that there are EU issues but there is an emergency and Government has the freedom and flexibility to declare an emergency in respect of this issue.

We also support the proposals from the Irish League of Credit Unions, which has said that it will work with approved housing bodies to deliver additional housing units. There is no conflict between the provision of local authority housing and housing by approved housing bodies provided that the allocation system is administered fairly and in an above-board fashion.

The main point I wish to make is that we would like to see procurement, tendering and what I can only describe as departmental interference addressed because they are key blockages in tackling the housing crisis. The length of time it takes to deliver social housing and procurement process delays are unacceptable. I can provide the committee with examples. I have followed one particular housing scheme involving the provision of 19 housing units in the middle of Donnybrook not just because I live there, but because it is a high-demand social housing area. Full financial approval was given for that scheme in June 2015. It should have reached planning application stage last January but because of the tendering process, it has not even reached that stage. A project to deliver 19 housing units in a high-demand area that will take ten months to build will take at least 36 months from the allocation of funding to people moving in. This is clearly unacceptable and is due entirely to the requirement that every time the local authority makes a change, the Department must approve it and every time the Department makes a change, the council must approve it. We either employ professionals or we do not. The need to reduce bureaucracy to allow a swifter tendering system is key to delivering social housing. As one of my colleagues pointed out earlier, it also would have a profound impact on employment. If we can get housing built more quickly, we will not alone solve the housing

issue, but provide quality employment to people who need it. I will comment later on so I will be brief on this occasion.

Mr. Michael Hourigan: In respect of the review of the planning process, we recognise that delays can arise, particularly within a planning process for social housing projects. While acknowledging that all citizens have a right to get involved in the planning process, a balance must be struck with the needs of those who require housing weighted most strongly in arriving at the planning decision. However, as an association, we have reservations about the recent reports on proposed changes the Minister is considering to the Part VIII planning process. Such reports suggest that the Minister is planning to introduce emergency legislation to enable city or county chief executives to fast track the planning process for social housing projects. It is understood that this will be through new rules reducing the consultation period from eight to four weeks. While we broadly welcome this reform, we as an association would strongly object to any change to the reserved functions of the elected members in relation to the Part VIII process. Social housing projects need to be sustainable, integrated communities with accessibility to vital services for the benefit of the people who will live there. The elected members, by retaining their reserved function in the Part VIII process, can ensure all social housing projects are designed to ensure this objective is achieved.

While the association endorses movement to streamline the planning system and the regulatory requirements relating to the provision of housing, we are not saying housing provision should be so rushed as to compromise on build and design standards. People who live in local authority housing are entitled to the same standards of utility and design in their houses as would be the case for a private house of a similar size. We have seen too many examples in this country of where rushed building programmes have left lasting social problems. The proper planning of housing provision begins with consideration of location and ensuring, depending on the scale and nature of the development, that there is proper provision of facilities such as schools and public transport. Furthermore, the question of concentration needs to be considered. While it is tempting to react to the housing crisis by embarking on the urgent building of large schemes, the mistakes of previous mass provision of houses need not be repeated. Plenty of expertise is available in the planning and architectural professions to ensure housing can be built in a short timeframe while, at the same time, observing acceptable standards of location, design and build. The local knowledge of county and city councils is an invaluable asset in ensuring co-ordinated provision of housing and the necessary support services.

Mr. Pat Fitzpatrick: I thank the Chairman and committee for the privilege of contributing today. I would like to deal with the need for recruitment of appropriate technical staff to ensure delivery of social housing projects.

Due to the previous moratorium on recruitment in the public sector, local authorities have lost invaluable technical staff over recent years and the loss of such experience is also leading to delays in progressing some social housing projects. While acknowledging the moratorium was lifted in 2015, local authorities are still experiencing difficulty in recruiting the appropriate technical staff needed to progress some social housing projects because of the lack of the necessary funding. We propose that funding for appropriate technical staff would be included in the capital costs of housing projects to ensure no housing projects are delayed due to a lack of technical expertise. Short-term contracts to recruit appropriate technical staff should be afforded on specific social housing projects, if necessary, to ensure these projects are commenced and delivered without delays. We also propose that the shared services model currently operating successfully in the local government environment should be employed to scale up rapidly

the input of specialist housing personnel. Design and planning teams could be assembled in a number of core local authorities with their services available across county boundaries to other local authorities. This approach was used to good effect in the early years of the national motorway programme where a design team was assembled in a given county and its expertise deployed to other counties to create a flexible and rapid response to the need for expertise in accelerating the building programme.

I would also like to deal with urban renewal and housing. There is a strong correlation between the provision of housing and the addressing of another major contemporary issue, that is, bringing life back into the centres of our towns and cities. Many towns have been hollowed out with only small numbers of people living in town centres. At the same time, derelict and vacant sites are often located in or close to the town centres. While freeing up land in private ownership is a challenging issue, nonetheless there would seem to be great potential for innovative infill provision of accommodation in locations which, by definition, are well served by public utilities. Schemes embracing various kinds of accommodation from one-bedroom apartments to three-storey houses would help to make maximum use of inner urban land while at the same bringing a sustainable population back into town centre locations.

I will now hand over to my colleague, Councillor Pat Daly.

Mr. Pat Daly: I thank the committee for meeting us. I will discuss the need for more student accommodation to relieve pressure on the rental market. In towns and city areas close to third-level colleges, student demand can add greatly to the pressure on the availability of properties to rent. The association would make the case for third-level institutions to provide a much greater level of on-campus or near-campus accommodation. This recommendation is grounded on the following factors: it would help to relieve pressure on the rented market in towns where there is a third-level accommodation; it would help to relieve the costs of accommodation for students and their parents; it would ensure greater value for the higher education grants paid out by the State where currently the maintenance element of the grant is in many cases effectively a transfer of State funds to a private landlord; and a number of third-level colleges have considerable land within their campus perimeters. This land is well serviced by public utilities and public transport making it eminently suitable for the provision of student accommodation on site. There is a case that planning applications from third-level colleges for expanding their academic infrastructure should be accompanied by a statement showing how it proposes to address the accommodation needs of any increase in the student body. We note that the Minister, Deputy Coveney, has already mentioned he will give consideration to promoting an accelerated provision of student accommodation and the association welcomes this as a way of freeing up property for wider tenant requirements as well as the other advantages outlined. The National Treasury Management Agency has proposed to make money available which would relieve pressure if the colleges took it up.

I will address the immediate need to deal with vacant local authority units or voids. One thing that will help the immediate housing need is tackling the issue of vacant local authority housing units or voids and addressing the unacceptable reletting times of up to 30 weeks in some instances. In its recent report, the National Oversight and Audit Commission, NOAC, concludes that average reletting times and costs vary considerably from six to 25 weeks where major works are not required, with costs ranging from €9,000 to €23,000 per unit. The NOAC report also indicates that a higher level of vacancies may be due in some cases to a local authority policy of holding vacancies in certain estates pending planned refurbishment work and in other instances to certain housing stock not being popular with waiting list applicants. The

NOAC report, which was based on 2014 data, concluded that the reletting times from the date the previous tenant vacated the dwelling to the date of the new tenant's first rent debit was a median of 24 weeks. The AILG feels it would be beneficial for individual local authorities to review their performance in this area to ensure a timely turnaround of vacant units to meet the significant demand that exists for social housing. Having discussed this issue with our members and after having consultations with a number of local authority housing officers we call on the committee to propose in its final report that local authorities have a dedicated ring-fenced rolling budget on an annual basis for pre-letting repairs costs. This rolling budget from central funds could be dependent on matching funding from the local authority's own resources which would help with the timely reletting of vacant housing units. This would also give greater autonomy to each local authority to prioritise the level of repairs required to bring their vacant units to reletting standards, taking their immediate housing needs into account. It is a slow process and 30 weeks is not good enough. There is a house available in a local authority and the new tenant has to wait 30 weeks to get that house. It is not good enough. I ask Councillor Lacey to address No. 9.

Mr. Dermot Lacey: We are approaching the end. The association recognises and supports various Government measures to address a number of issues. In particular, we acknowledge the additional money for housing adaptations and extensions. However, I take the opportunity to point out a particular adaptation problem that primarily affects former local authority houses and the former Dublin City Council or Dublin Corporation houses in particular. Tenants who wish to expand into their attics in order to provide additional bedroom space for their families have a major difficulty because the heights of the attics and their standard development do not fall under the building regulations requirement. They are perfectly suitable for bedroom conversions but because of the Department's regulations, they do not comply. A very simple change could be made to allow for decent quality bedrooms if the Department were to reduce the required height for attic conversions. I believe the level is around a foot and a half. I do not have the exact figures here. We welcome the additional funding for housing adaptations for older people.

We would like to see the fairly immediate application of the changes to Part V of the Planning and Development Act to at least make a start on the 10% of social housing provision. We believe there is a case for an affordable housing provision similar to the last scheme. While affordability became less of a factor for some during the crash, it is becoming more of a factor for the future.

We welcome the introduction of a vacant site levy, although perhaps its introduction could be brought forward. We believe there is a major case for a levy on vacant houses. The figure of 230,000 empty housing units, which I believe we heard from this committee, is a scandal. Even if it is only half that figure, it is a scandal. We believe a vacant house levy might tackle that issue.

Households in mortgage arrears and facing repossession should be able to transfer their homes to a Government agency or a local authority where they can continue to pay rent and live in the family home. Clearly, there is a need for greater provision of appropriate emergency accommodation and the provision of greater services for people in need of addiction and mental health supports in all parts of the country - it is not just an urban issue.

There is another issue that affects Oireachtas Members as much as it affects local authority members. Until recently, local authority chief executives issued the councillors with the housing allocation and transfer list. In many local authorities that has ceased, apparently on the

direction of the Data Protection Commissioner. Some councillors and Deputies abused that in the past by sending out letters informing people they were getting houses before they had even got them. My understanding is that in recent years those lists were only issued after the allocation was done. However, it meant that councillors and Oireachtas Members could stand over the integrity of the allocation and transfer list. As now issued to councillors, one cannot stand over the integrity of the allocation list. It also has the side effect of councillors very often continuing to work to get a house for somebody who has already got the house with the downside impact that has on the local authority staff. In addition to the big picture issues the committee is considering, it might also make recommendations that councillors and Oireachtas Members could continue to get those lists.

Mr. John Crowe: I thank my five colleagues on the executive. I also wish to introduce to the committee Councillor Luie McEntire who is also here along with our two directors, Tommy Moylan and Liam Kenny.

The Association of Irish Local Government endeavours to bring to the fore the voices of elected members who are rooted in their own communities and see at first hand the toll that this housing crisis is having on the people we represent. We acknowledge the work of this important committee and pledge that we will play our part on behalf of the elected members to address the housing and homelessness crisis facing our people. In doing so, we will work alongside the committee and we look forward to continuing to contribute to its work. We thank the Chairman and committee members for listening to our submission and we would be glad to take questions. Mr. McNally, Mr. Lacey and Mr. Hourigan and I will answer any questions we can.

Chairman: I thank the witness for the comprehensive statement. I will put the witnesses in the picture. The committee has met many witnesses over the past number of weeks and many of the issues raised by the delegation have been raised in other meetings. Members are quite familiar with them. The delegation's attendance today is quite important in terms of the schedule of our meetings as many of the matters are very directly related to the local authorities, the Minister or the Department. We are having today's meeting in the context of having the Minister, officials of the new Department and representatives of sitting county managers before us soon. Councillor Lacy spoke about the obvious delays in the process and that has been well flagged. He is correct in that we see it as a block. The attendance of the delegation is in the context of that programme so we thank the witnesses for their contributions.

A number of people have signalled that they wish to ask questions. I will be slightly biased and allow one of the former members of the association, Deputy Brophy, in first.

Deputy Colm Brophy: It is a privilege to welcome the witnesses as I was president of the association before Mr. Crowe until my election to the Dáil. It is great to see the association here and making the case strongly. As the witnesses have outlined, local councillors are really at the coalface on this issue and they probably constitute one of the most informed groups. Some of the questions I wish to follow up on deal with that aspect. In that key position held by councillors as elected local representatives, knowledge in certain areas is critical and should not be overlooked.

The witness alluded to one area in which I am particularly interested so I would like him to elucidate on it. The Minister has made proposals for rebalancing Part 8 and the input from the chief executive of the local authority versus the elected members. A valid point was made in the submission that it is critical that elected members continue to be in control of a Part 8 process. They must continue to maintain a level of control over it that enables them to reflect the people

who live in the community and elect local representatives. Their views should remain held, as distinct from, if we are honest, an unelected official in a local authority. I am interested in hearing some more about that area.

I was horrified to hear about the void turnaround levels of more than 30 weeks alluded to as there was much feed into this committee earlier with lower figures. To my mind, there is absolutely no point now in anybody being willing to accept 30 weeks or more to turn around a void. It is beyond comprehension how, in the midst of a crisis, we can have a position where local authorities sit on a void for more than 30 weeks without turning it around. The witness spoke about incentives to do this but should there be a penalty if people fail to deliver a turnaround in line with what is becoming a much lower national average figure?

The point about a design team is quite interesting, particularly that such a team could move on a cross-county level. Certainly within the context of the greater Dublin authorities, there is little or no logical obstacle in having a design team working for the authorities in south Dublin, Dún Laoghaire and Fingal, etc. It is a very well made and positive point in the submission. How do the witnesses envisage technical staff being incorporated into the capital cost of the project? How would that work?

I echo the point about third-level accommodation, and I would go even further. We are now reaching a point where third-level colleges should not be able to expand their student capacity without providing an increase in accommodation to meet the increase. Every time there is such an increase, it puts an extra strain on the existing supply of housing. I thank the witnesses for a very interesting submission.

Chairman: I will take a number of contributions before reverting to the witnesses. I call Deputy Butler. I remind members of the timing issues, as we are due to have two more sessions this afternoon.

Deputy Mary Butler: I welcome the members of the AILG. I found their work very worthwhile when I was elected a new councillor two years ago and I enjoyed attending the AILG training conferences.

I agree with most of the comments from the witnesses. When I was a councillor, and even since I became a Deputy, 80% of all my representations are based on housing and homelessness. It is a nationwide problem. I have a few questions, although I believe I know the answer to one of them already because the witnesses spoke about converting attics. Does the AILG see merit in extending the current stock of local authority houses to facilitate tenants with overcrowding issues? Applying for a transfer is not feasible any more because one must wait too long. It could be a short-term solution to add a bedroom and bathroom, perhaps for €30,000 to €40,000, for such tenants. It would certainly make a difference.

Second, does the AILG agree that the HAP scheme is not working to its full capacity and must be amended in order to encourage landlords to take on HAP tenants?

Third, representatives from the National Asset Management Agency, NAMA, appeared before the committee recently. NAMA offered 6,500 units to local authorities throughout the country, but the take-up was only 2,500 units. That meant 4,000 units were not accepted. I believe Galway was the only local authority to take its full allocation. Perhaps the witnesses would offer their thoughts on that.

With regard to Traveller accommodation, do the witnesses accept that some councils are

very slow or reluctant to draw down the finances available to them? There is a perception among the public that there is no political will in the local authorities to deal with these issues.

Deputy Eoin Ó Broin: I thank the witnesses for the presentation. Many of us who are former councillors share the frustration outlined in the presentation, as well as the councillors' belief that local authorities are best placed to deliver the increase in social housing that is required.

I have a number of questions. Some of them do not necessarily reflect my view but the views of other people with whom I disagree, and I am anxious to have the witnesses' response to them put on the record for the work of the committee. The Minister, Deputy Coveney, is talking about reducing the Part 8 period from eight to four weeks; it is one of the ideas he is actively considering. Some local authorities get through their Part 8 processes within about eight weeks, some take 17 weeks and in one local authority it takes nine months. What are the witnesses' views on the Minister's proposal? Where local authorities are taking excessively long periods to get through Part 8 processes, do the witnesses have counter proposals to that of the Minister in order to ensure that the Part 8 process does not become part of the additional delay? If there is more money for social housing, how do we ensure that councils will get through their part of the procedure as well?

On voids, like Deputy Brophy I live in the South Dublin County Council area. The choice-based letting system has helped that county council to reduce the number of voids, just in terms of the turn around. Has the association considered advocating that it be rolled out across all local authorities? Our experience is that it helps enormously.

The Minister is talking about doubling the number of rapid builds and using the same emergency powers. Does the association have a view on that and, if so, could it share it with the committee?

If there is a significant increase in the capital available to local authorities to provide units - many members of the committee strongly believe that should be the case - we will encounter a problem with Government policy on sustainable communities, which a number of the witnesses mentioned. It will require us to start building on a scale beyond the small infill schemes that many local authorities have been carrying out up to now. I have my own ideas about how to deal with that, which I will discuss with the committee when we deal with this at a later stage, but I am interested in the association's view. When the local authorities get substantially more money, how will they deliver those units beyond the 10% under Part V or small infill schemes of ten, 15 or 20 units? How do the witnesses think we can meet the requirement for sustainable communities in the context of large-scale local authority build-and-buy, which has not happened since those sustainable community policies were introduced?

Chairman: A number of other colleagues have indicated they would like to speak, but the witnesses might address some of those issues first.

Mr. Michael Hourigan: I will take the question on Part 8 units. It is always good to review and reform things and we need to look at things from time to time. Coming from a local authority in Limerick, planning has been a major issue through the years, with 40% of our residents in social housing under the old city council. Planning was a huge issue for us. I totally agree with the Minister that is a time of crisis and we must fast-forward our planning process as much as possible. However, Part 8 as it stands today is a fast-track system if it is used well.

By taking the councillor out of it, the community is being taken out of the planning issue,

because the councillor represents the community at the local authority. If the councillor's influence were diluted in any shape or form, it would be a very serious matter, because we must make sure that any development that goes forward is appropriate to the area it is going into.

We had a very good report in Limerick from John Fitzgerald, the former Dublin city manager. He wrote a wonderful report. I will not say people made mistakes because at the time people made their judgment in the best interest of the city, but in hindsight we made huge mistakes. We put all the social housing in together but without any of the necessary infrastructure. None of the educational facilities, health systems, transport systems or child care systems that were needed were put in. There were so many things we did not do at the time and we suffered severely for it.

I welcome the Minister's intention in a time of crisis to fast-forward as far as possible, but the role of the councillor is very important in doing that. We are the people who meet those at the coalface who have elected us. We go to the residents' associations and the community centres. We are in touch with them daily, so we do know what concerns them. There are major concerns regarding putting large amounts of housing into an existing social housing area or into private estates. While I welcome the Minister's intention to fast-forward in a time of crisis, he should look very carefully at the role of the councillor in any new set-up and measure it.

Mr. Dermot Lacey: In response to Deputy Butler, of course housing adaptations have a role to play and there should be more flexibility on that.

On NAMA, let us be clear that no councillor across the country, as far as I understand, rejected any housing allocation or offering by NAMA, because councillors do not have a role in that under our dysfunctional local government system. The decisions were made by the unelected chief executives talking to the unelected NAMA people and the unelected officials in the Customs House. If Deputy Butler wants to change that, she will have my full support.

On Deputy Ó Broin's comments regarding Part 8, it is a question of wanting a swift decision but also an accountable decision. They are not incompatible.

On the last point, I support rapid build as it is necessary, but I will not take any lectures from either the Minister or the Department about our tardiness in respect of Part 8. The Department has some cheek in accusing local councillors of delaying any process, given its own very shameful record over the past 20 years.

Mr. Pádraig McNally: I have some brief comments on some of the subjects that have already been raised. In the overall scheme of things regarding Part 8, it is relatively immaterial whether it is eight or four weeks. The one thing we have to be careful of is that genuine concerns raised by existing tenants or others are not in any way overlooked just for the sake of getting things speeded up, because there are genuine concerns in some cases.

There is a bit of an urban-rural divide regarding the rapid builds. I would be guided by our city colleagues and our big town colleagues. I am not a fan. There is nothing to stop a proper house being built inside of six months if everything were ready on the ground. I think five years down the road we will be wondering what we will do with them and we will have spent a lot of money on them given that they are only a short-term solution.

Deputy Butler spoke about 80% of representations being about housing and homelessness. I know she is probably largely urban-based in terms of her clinics, but I do not believe we will ever find a way that can all be solved in such an area. As Mr. Dermot McNally mentioned ear-

lier, the whole idea of relocation should be reintroduced because there are people who would look to the possibility of moving out of cities. It is an issue that has moved slightly off the agenda. Given the crisis in areas such as Dublin, it is not feasible to expect the problem to be solved in the short term. Sadly, many of 4,000 NAMA units that have not been taken up were built in the wrong places in terms of daily requirements. Many of them are the mistakes of bad and rushed planned during the ten years of madness that we all witnessed.

Deputy Ó Broin made good points on voids. I understand there is variation from one county to another, in some cases it is as low as 2% while in others it is as high as 18%. At any given time, the amount of empty housing stock ranges from 2% to 18%. All one need do is check what the councils with a 2% level of empty houses are doing and tell those who have a disgraceful level of 18%. We must use best practice and share best practice. In relation to putting design teams in place and moving them around, we did that very successfully in the area of roads. Indeed, the question was asked as to who pays the technical staff. When the national roads were being built, the engineers for the county which the road went through oversaw the project on the ground. They were paid directly or indirectly by the NRA, now Transport Infrastructure Ireland, TII. There is no reason that model cannot be transferred to housing. Housing is a much easier science in that they do not need to move around as much. Building a housing scheme when the site is ready, whether in Dublin or Cork, does not matter, rather it is the design of the houses and how they are constructed. Building a road is slightly more complex and I can see a need where they have to move. Much of the design work is desktop and can be accessed. The level of voids is unacceptably high in some counties while there are other counties that deserve to be congratulated. I suggest they share best practice.

Mr. John Crowe: Before Mr. Daly responds, there are counties which do not have NAMA houses and that is a major problem. If land banks were available, they could be taken up. Mr. Daly wishes to comment.

Mr. Pat Daly: I wish to respond to Deputy Butler who raised the issue of the HAP scheme. The average rent in County Clare is about €650 per month and, possibly, €1,200 in Dublin. The average payment is about €400 which is not enough because these people are on social welfare. They get about €400 but their shortfall is €70 per week. The Minister with responsibility for housing, Deputy Coveney, should get a bigger budget which would allow him to increase the HAP assistance because it is not enough. Councillors meet people every day who are on HAP schemes but they just cannot pay.

Deputy Mary Butler: What about my question on Traveller accommodation?

Chairman: The witnesses can come back to that issue. I call Deputy Brendan Ryan.

Deputy Brendan Ryan: I thank the representatives from the AILG for appearing before the committee and helping it with its work. This committee would not exist were it not for the fact that there is a housing supply issue. As a committee, we are trying to address, as quickly as possible, the issue of how to deliver housing in a year to 18 months while people are waiting for the existing strategy to come into play. We are in that time-lag phase.

On the measures required to deliver quickly in those areas, obviously rapid build comes into play. Local opposition can arise in the case of social housing. Has the association discussed that issue and the part councillors might play in trying to hold off that opposition? I recognise that there is a role to be played by them and by the community in general in terms of delivering in respect of this problem. One element of the void issue which has occurred to me over the

years is why local authorities allow voids to build up over time and why it is necessary for the authorities to wait for special funding to deal with voids. I would have thought that, as part of the budgetary process of the local authorities, one of the annual measures would be to repair the housing stock. This appears to have been left behind over time and has become such a critical issue that central funding is needed. These are my two queries, the other questions have already been asked.

Deputy Barry Cowen: I thank the delegates from the Association of Irish Local Government for their presentations and for bringing forward their suggestions for solutions. I have two questions regarding funding. Do the councillors agree that the cap on discretion by local authorities in capital expenditure should be raised with greater discretion for local authorities rather than seeking approval at all times from the Department, which is one of the great delays that exist? In regard to voids and the cap of €30,000 for repair and reinstatement of void units, do the councillors believe that local authorities should have greater discretion on a higher amount for those repairs in order to address those voids much quicker than is currently the case, considering the timescale the witnesses spoke of and which is not a surprise to the committee at all despite what Deputy Brophy has said. It is something which has been quite obvious. I know there have been some inroads recently but it has been very obvious for the last two years.

Chairman: I thank the Deputy. That concludes the questions from this side. Deputy Durkan please be brief.

Deputy Bernard J. Durkan: I will be very brief, as always Chairman. The delegation is welcome because they speak the language that we know they have gleaned from their own direct dealings with people who are in need of housing within the local authority areas. That is very refreshing and important. Many of the other delegates spoke in a similar fashion.

What do the witnesses think might be done to speed up the planning process regarding Part V and to contribute to the preparation for and immediate supply of local authority housing? To what extent have the witnesses considered the reintroduction of local authority loans - previously known as the county council loan - which was a primary part of the system for first time house buyers, and which is unfortunately no longer available or considered worthwhile? Can the witnesses explain what is the problem with voids? It used to happen that in the event of a house becoming vacant any improvements to the house that had been carried out by the previous tenant, some of which were extensive, were immediately thrashed and thrown in the bin and the house reconstructed afterwards. The theory was that if an oak kitchen and oak tables, etc., were *in situ* the new tenant might expect to have them replaced if they needed to be replaced at a later stage. The idea was to replace them beforehand, at considerable cost needless to say. People were put in the position of fishing out of the waste bins some of the old materials that were being discarded. To what extent has that practice been discontinued?

How do councillors view modular homes and houses as a means to address the urgency of the situation we are faced with now? What proposals do they believe could be helpful to local authorities in meeting the urgent homelessness issues and the ever increasing threat of homelessness? These arise from a whole series of issues that I do not want to particularly want to go into now.

Chairman: I thank the Deputy. A range of issues are now before the councillors and they might also respond to the previous matter regarding Traveller accommodation which was raised by Deputy Butler.

Mr. Dermot Lacey: I fully agree with Deputy Ryan on the issue of leadership. However, that is a question that is often thrown at councillors by Oireachtas Members. It must be borne in mind that Oireachtas Members have shorn local councillors of powers over the last 15 years. Whenever powers are transferred to local councillors on difficult issues I will take a stand on tough issues. However, I would like councillors to be given back some of the nicer powers that have been taken from us during the last 15 years. The same point applies to Deputy Cowen's comment. It is all very well saying that local authorities should do all these things. I am not trying to make a third-party point but local government funding has been decimated in the past 20 years. We do not have the funds to do the things we used to do. I did a calculation recently. If domestic rates still applied in Dublin, the city would be getting €220 million, while we get €63 million under the local property tax. That is the figure for one year alone and the gap is €160 million. It is all very well for people to call on us to do these things but they should give us the power and the resources to do so.

Financing comes in to the question of voids. Deputy Durkan sort of answered this question. One of the problems is that we do not have direct labour any more. If a council wants a job done, it has to go out to tender. We used to have painters, plumbers and electricians who could do these jobs. We do not have them anymore because of cutbacks.

The second issue was raised by Deputy Durkan as well. We have to apply departmental standards. Let us suppose a flat was absolutely perfect and the people who wanted to move in were perfectly happy with the way the previous tenant had it and would move in tomorrow morning if they could. Given our centralised system of government, the Department stipulates that a given apartment has to have a grey door or a kitchen in a certain corner and another door has to be a certain way. If we had the flexibility to allow people to live the lives they want to live, we could do turnarounds in days rather than months.

Mr. Padraig McNally: The issue of Travellers is an age old problem. I was taken aback to read the number of local authorities that did not take up any allocation. My local authority is probably one of those. We do not have a particular problem. Actually, we have a number of halting sites. The new trend is that these Travellers do not want to go into halting sites. Equally, we have a small number of Travellers housed in permanent housing. I have to say, the quality of the housing after a few years leaves a lot to be desired, both inside and out. Committee members can understand why there is concern.

I have people happily living alongside them, but they are constantly reminding the council to educate them with regard to what is expected of them as to how to keep their house if they are going to be in the middle of everyone else. I have to say that other than the appearance of the accommodation in some cases, I do not have very many complaints about them in general in the way they live. They have traditions that we do not necessarily understand fully, but I believe every local authority could do more in respect of Travellers. As an organisation, we would promote a greater uptake in that whole funding area.

Deputy Ryan asked how we would speed up houses with 12 or 18 months delays. I have one solution. I am tirelessly listening to people saying that developers cannot make money, even as of now, by building houses. We should negotiate with them and agree a set fee for them to provide houses to our standards on their land. Many projects are more or less shovel-ready. No matter what we say, and I am speaking against my own to some extent, the private sector can deliver more quickly than the public sector. That is the reality. While councillors want to hold the function of where and when they provide houses if money is given - they are the buffer between the public and the schemes in many cases - private developers can move faster both

physically and theoretically.

Deputy Bernard J. Durkan: I am sorry for interrupting but this is an important point. Can that be done on contract from the public sector?

Mr. Padraig McNally: I have no doubt that it should be. Perhaps there is a need for legislative changes but I believe that is an obvious point. I would guarantee a big uptake because there are private developers seeing no great light at the end of the tunnel. They may have paid over the odds for land. In many cases it would provide them with employment and give them a need for the land they have been sitting on for ten or 12 years. That area could be looked at.

Everyone mentions voids. There is one reason for the number of voids. I come from a county which is among those with a level of 2%, and therefore it is not a major issue for us. However, there are many for whom it is an issue and they blame the lack of finance. Roads and voids were the two areas hit. Everything else had to be paid for. It was decided that those were the two things to be put on the back burner. That is what happened to a disgraceful extent.

My last comment relates to speeding up the process. Certain schemes need to go to An Bord Pleanála. Something has to be done with An Bord Pleanála. An Bord Pleanála was quicker in turning around decisions during the boom than it is today, and that is unacceptable. It can take 12 to 18 months to get a date for a decision but inevitably another letter will arrive to say it has been delayed for two months. Something has to be done about this. I mentioned it in person to the Minister last week when we met him. An Bord Pleanála has to be examined, not with a view to changing how it does its work but the speed with which it does it.

Mr. Michael Hourigan: In response to the Deputy's question about speeding up Part 8, in all local authorities because of the embargo on recruitment there is a serious lack of technical people, architects, engineers and administrative staff. Where I come from availability not money is the problem in the acquisition of houses. People are very slow. Landlords are over regulated and are getting out of it. If we want to get the construction industry back into the game we must give them tax breaks. There has to be an incentive. These people are in business to make a profit. Unless they are given a tax break or some real incentive to do the work I do not think they are going to come back. The same is true for the landlord unless he has an incentive to let out his house. There are so many regulations around a tenancy now that people are pulling out of the business.

Mr. Pat Fitzpatrick: On the point raised by Deputy Durkan about the turnaround on houses and throwing out good valuable materials, where people want to move into a house they should be allowed to move in and turn it around very quickly. Houses should not be left vacant for 30 weeks, with lovely doors and windows that have to be changed because they are not the right colour. That should be stopped. That is waste. Wilful waste makes woeful want and we have a woeful want of housing in this country.

The Housing Finance Agency is sitting on a load of money, in excess of €10 billion. It should make money available to build some of the social housing that is needed. It is very important that we see reaction and action, reaction to the crisis and action by the developers and everyone because we all have skin in this game.

Mr. Pat Daly: On the issue of homelessness, finance should be made available to purchase small units and probably for hostels. It is a serious situation in every county, particularly in Dublin. We should be considering it. Deputy Cowen made the point about budgets. We get

on to the chief executive officer, CEO, at every monthly meeting and all we hear is “I have no money”. In respect of the abolition of town councils, there were 30,000 people living in Ennis and the town council had huge budgets. That is all gone and our budgets are way down.

Mr. John Crowe: On the question of voids I have seen some beautiful houses that were handed back in immaculate condition and they were torn asunder because they had to be brought up to the standard. That is one of the first things that will have to be sorted out because it is costing the Exchequer thousands of euro and we would not then have to be waiting for the turn out. In the 1980s there were reconstruction grants and people got their houses back. They should be brought in as well.

Chairman: Before we conclude this session I thank the councillors for their attendance here today.

Apart from the submissions and questions here this leads into the questions we will ask the Minister and the Department. We will pursue the issue of voids and the duration of the process from start to finish for a housing development and the number of visits between the local authority and the Department. It has been raised with us time and again that they are delaying the delivery more than any other single item.

Dr. Ronan Lyons, Trinity College Dublin

Chairman: We are in public session. I again remind colleagues about mobile telephones, which must be switched off or put in flight mode. I draw to the attention of the witness the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, he is protected by absolute privilege in respect of his evidence to this committee. However, if he is directed by the committee to cease giving evidence on a particular matter and continues to so do, he is entitled thereafter only to qualified privilege in respect of his evidence. The witness is directed that only evidence connected with the subject matter of these proceedings is to be given and is asked to respect the parliamentary practice to the effect that, where possible, he 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 the witness has submitted to the committee will be published on the committee 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 Houses or an official, either by name or in such a way as to make him or her identifiable.

I am pleased to welcome Dr. Ronan Lyons, assistant professor at Trinity College. I thank him for coming before the committee. I apologise that the previous session he was scheduled to attend had to be cancelled due to Dáil business. I thank him for accepting the cancellation and for reappearing. It is much appreciated by the committee. If Dr. Lyons wishes to make an opening statement I am sure my colleagues will have a number of questions for him then.

Dr. Ronan Lyons: I thank the committee for the invitation and the opportunity to speak. I know the committee is very busy. This is a very important task and the committee has limited time, so I very much appreciate and am honoured to have the opportunity to talk to members. I apologise for any typos in the document. It was prepared for the first invitation and I only had about a 24-hour window. If something does not make sense, members can pull me up on it and I will fix it later on.

My aim today is to try to present what I would call a system-wide view. That is not to denigrate the contribution of other stakeholders who have a particular perspective, but given my role and the research I do, I thought it might be useful to try to bring a systems perspective and to think about how we would build a healthy housing system that gives a meaningful right to housing for all Irish people. To do that, it is important that what we do and what I say is based to the greatest extent possible on theory and evidence rather than prior belief. For what it is worth, I am not politically affiliated and I try to the best I can to set prior beliefs aside and see what the evidence tells me, because from past experience, prior beliefs can often take one in the wrong direction.

I will make a brief mention of my background. I am an economist with a specialisation in housing. I have looked at the Irish economy in particular. I did my PhD in Oxford between 2009 and 2013 on the recent Irish housing bubble and crash, and I took a post in Trinity College in 2013 and I have been there since. The vast majority of the research I do in Trinity College is looking at the housing market and the bulk of that is the Irish housing market, although that is shifting a little bit.

Some members might be aware of my role with *daft.ie* as well. I work with it, and have done since long before I even undertook the PhD. I have worked with *daft.ie* for about 12 years. The aim of the reports I do for it is just to measure the market, to give the facts and figures. There is a commentary as well but come hell or high water it is about the figures. In the early days it was not popular when the figures got published because prices were falling. That is the work I do with *daft.ie*. I also work with public and private bodies on particular aspects of housing, broadly defined. In the last couple of years I did some work on social housing, student accommodation and housing for older persons, as well as the bread and butter general housing market.

The context to the housing shortage is well known. It is what I would call system-wide shortage. It does not matter whether we are talking about market housing or social housing, student accommodation, general housing, nursing home beds or hotel rooms, it is just a shortage of accommodation. One might even call it a shortage of space but when one looks at the office sector, there is no problem at the moment providing office space and, in fact, 500,000 sq. m of office space is either being built or is about to be built. That is an important difference between residential and commercial, which I can come back to.

I use one number to focus my comments. If we take the greater Dublin area, roughly speaking between 2010 and 2020, there will be approximately 100,000, perhaps more, new households formed, not all of them families. I use the terms demand and supply as I am trained as an economist and I cannot shake them. Against that extra demand for 100,000 new units, we will probably see perhaps between 25,000 and 30,000 units built in the same ten-year period. As members well know, this is critically important. That is what got me thinking in a more systematic way.

Committee members have had my document for perhaps a couple of weeks so what I thought I would do is give a quick overview of it and then I am sure members will have questions on the document and I can explain myself a little bit better. What I hope we can agree on and what I hope everyone in Ireland would agree on is that what we want the housing system to do is provide a meaningful right to housing for all. One could write it into the Constitution but that would not necessarily change anything on the ground. What we want to do is put in place the policy that brings about the housing, and the access to housing.

A healthy housing system is one where, when there is new demand, there is new supply.

The system responds by building new accommodation of the type needed so if foreign direct investment, FDI, is creating 1,000 new jobs, all of those new people have somewhere to live. I have new colleagues coming from abroad in September to start in Trinity College Dublin and they are currently flying back and forth from New York to try to find somewhere to live. One of them told me yesterday that this is the worst market they have ever seen, and they have lived in New York and Oxford. Those are two notoriously unhealthy housing markets, and this one is worse. Also, if we want to take in Syrian refugees, do we have somewhere to accommodate them, or do we just decide that the population is growing in terms of natural increase?

Whether they are high income or low income, Irish or others who choose to live here because they see employment opportunities, we should have a housing system that responds. That is the barometer I would like policy to move to and that is where the four key policy areas come from. I will outline those briefly and we can then open the floor for discussion.

The first is making sure we have a safe system because that means we have a safe level of house prices. We all know that from 1995 to 2007-08, house prices rose far too much. That is demonstrated in one of the graphs below paragraph 0.8. Also, in the graph above paragraph 1.1 members can see that the Irish housing bubble was off the scale. It is fundamentally important, therefore, that we do not go down that road again.

In that context, the Central Bank rules are very important but an important tweak to those is required, that is, focusing on loan to value and moving away from loan to income. The reason for that becomes clear when we think about land, the final area I will discuss, and consider the price of housing in Dublin versus the price of housing elsewhere. In that environment, we cannot have a loan to income system that works countrywide. It will only work in either Dublin or the rest of the country. The mortgage rules are very important but tweaking them to focus more on loan to value than loan to income would make them even better. Even if they are not changed, we are unlikely to go down the route of creating the same bubble. If it is a case of taking them as they are or having none, I would definitely take them as they are but I would tweak them slightly. I regard that as work under way. The Central Bank Governor has said he will review the rules, and I will be talking to him about those.

In terms of the urgent areas for policy, the first relates to the cost of construction in Ireland, or what I have called in the document an efficient construction industry, because if the Central Bank is capping house prices relative to people's incomes and nobody is capping costs relative to people's incomes, we will end up in a position where house prices and rents are high but nobody is building. There is a common misunderstanding in that regard. Even the ESRI has said it seems to defy economic logic that there are big increases in prices of rents but no increase in supply. It makes perfect sense if costs are too high.

If I could do one thing here it would be to impress upon the Minister, or whoever is responsible for implementing a report, that until we have an open, Government-sponsored audit of construction costs in terms of the different elements of building an apartment block, a semi-detached home or a rural one-off and compare that to other countries, we will not know the most important actions we need to take to boost supply. There are many figures available but there is a good deal of disagreement also. As a result the Government is able to ask how it is supposed to know which are correct if some figures are provided by a State agency and others are provided by developers. Whenever I mention something on radio to do with a safety certification or something else, some people ring me to tell me I am right while others ring to say, "No, it only costs this amount". There is such disagreement in terms of the evidence we need the Government to have its own evidence, and it cannot then disavow its own evidence. It will

say, “Here is where the costs are and here is where the priorities are”. It could be to do with regulations or wages but I suspect there are other issues that are driving up costs, including lack of efficiency in a more general sense.

The first area is mortgage rules. The second area is cost of construction. The third area which, along with cost of construction, is the key priority for this committee and for the new Minister, relates to subsidising housing for those who do not have sufficient income. We can bring construction costs down in line with our incomes, in the same way the Central Bank has capped prices relative to our incomes, but there will always be a fraction of the population who cannot afford that level of construction costs. I have worked it out in some detail in the document. If one takes a particular family earning, say, €45,000 per year, it cannot affordably spend more than €1,000 per month on its rent. However, if it costs €1,600 per month at a break-even rate to provide them with accommodation, we are stating there should be a subsidy of €600 per month for that household. We do not have a subsidy system which is anything like that. We have a subsidy system that pushes it on to those who buy new properties, namely, the Part V provisions, and that does not even take account of one’s income, once one qualifies, whereby somebody with no income gets the same subsidy as does somebody whose income is just below the threshold. Once we sort out construction costs, to make a meaningful right to housing for all we need to have a subsidy that covers the gap between people’s income and the cost of providing them with accommodation. One should not be spending more than one third of one’s disposable income on a monthly basis on one’s housing.

I acknowledge I am pushing matters generously in respect of my five minutes but this point also renders somewhat irrelevant the debate about how much the Government, as opposed to housing bodies or the private sector, should be building directly. I see local authorities predominantly as providers of land for approved housing bodies to build social housing. Were we to have a subsidy that matches construction costs and one’s household income and which states a person’s household circumstances are such that he or she needs a subsidy of X per month, this would be the fundamental collateral a housing body needs to tell international capital markets that it can provide 1,000 homes for those on lower incomes and will be able to pay back the markets. I am aware, having worked with Clúid in the past, that there was lots of interest from international capital. It was thought that as this is a country with lots of unemployment, there must be lots of social housing but Clúid was obliged to say that unfortunately, our system does not work like that. However, it should work like that and Austria and New York city have versions of this kind of system, whereby the less one earns, the more help one gets to make sure there is effective demand and not simply notional demand for housing.

I have referred to mortgage rules, construction costs and housing subsidies. The final area is the cost of construction. The cost of a home is not simply the hard building costs, it also is the cost of land. This ties back in with the mortgage rules. If one looks back at the figures for the average price of a house in Dublin versus the average price for a house outside Dublin, even just 30 years ago they were approximately the same. I have included the figures in the submission and it was something like €48,000 for an average house in Dublin and €45,000 outside Dublin. I acknowledge the Dublin house would have had a smaller garden or perhaps one bedroom fewer but I refer to the sticker price, that is, the price one pays. One trades location for size, one chooses to live more centrally and one has a smaller property. At present, the premium for living in Dublin is 70% or 75%, rather than 5% or 10%. Ultimately, I believe that comes down to how we use land. This is not a politically easy thing to fix because it entails changing the way we do property tax. However, I believe the politically most acceptable way to do this is to ignore the homes and to look at commercially used land and to treat development land for

residential purposes as being equivalent to commercial land and to tax them the same way, that is, with a land value tax.

I got into a row with Dublin City Council about this because I pointed out that Dublin Industrial Estate, Dublin 11, comprises 170 acres within Dublin City Council limits and my contention is it is very poorly used land. There is so much empty industrial space on the M50 and the national road corridors that were the estate destroyed in an earthquake tomorrow, all the occupants easily would find new industrial space on the M50. It is where the cross-city Luas line will terminate and I find it astounding that the terminus of the cross-city Luas line is in an industrial estate that is half used. It is close to the new DIT campus and to O'Connell Street and is phenomenal potential residential land but the way the city council currently thinks is it would be obliged to acquire that land via compulsory purchase order, CPO, there are huge title issues and it does not want to get into that. However, with a land value tax, one puts all the logistical pressure onto the private sector. It means that if one wishes to stay in such valuable land as a half-used industrial estate, one must pay the price to society. Alternatively, if one wishes to develop it, one must buy them out and it is a combination of the two; that is what a land value tax does. Moreover, by doing that, we could get land significantly cheaper but we also would be obliged to review land use restrictions.

I was quite concerned to read yesterday that again, some of the members of Dublin City Council are trying to bring in more restrictive height restrictions. International evidence shows the best way to keep housing affordable is to allow it to build up where it will pay for itself and not willy-nilly. Unfortunately, we seem to be moving away from that. In the next two years, if we target construction costs and how we subsidise social housing, and, in the next five to ten years, if we reform how we use land, we could have a healthy housing sector which will provide a meaningful right to housing for all.

Deputy Fergus O'Dowd: I welcome Dr. Lyons's thought-provoking analysis, much of which I agree with. What happened during the boom was that people in construction made a fortune and the system allowed it to happen. Everyone was happy, except the person who was paying a mortgage or who could not get a house. State-owned lands, as well as those owned by local authorities, semi-State companies such as Irish Rail, and the HSE, should be made available at a fixed price for social and affordable housing programmes. Many people want to buy their own house but they cannot because they cannot secure a mortgage or do not have the 10% savings for one.

The fixed-price construction makes much sense for a three-bed house or an apartment. Take Gormanston army camp, for example. It has 200 acres of land beside a motorway and railway. It is near enough to Dublin and other facilities. Making houses available on this site to people who can just pay the mortgage on the building cost of the unit makes the most sense. It would help those who need to get a step on the ladder. What are Dr. Lyons's views on that?

Dr. Lyons was correct about a mix of social housing and New York. When I was there, I went to one of the most expensive apartment blocks which had a zero carbon impact and a unit could cost up to \$200,000 in rent. Up to 10% of all its inhabitants were social housing applicants. They could not be identified by any means too. Everyone had a chance to get into fine quality accommodation for their family needs and so forth. We need to radically change our view on social housing mix. There are too many vested interests here and we have all fallen on hard times as a result. We have to make housing affordable for people and use the State's resources to do that. If that is given to the right and qualifying people, then it will give them a major start-up.

Deputy Eoin Ó Broin: I thank Dr. Lyons for his presentation. I look at the housing system as a system. One of the important points for our committee to consider is that what one does in one bit of the system just does not impact on that element, but affects the system overall. One of the items we are examining is that, because of the historical failure to invest in the adequate provision of social housing, other aspects of the system have become congested and lopsided.

There is the ongoing dispute about the cost of private builds. Three major players on the industry side, NAMA, which will be annoyed with me for calling it on the industry side but it reflects the thinking in it, the Construction Industry Federation and the Society of Chartered Surveyors Ireland talk about a Dublin three-bed, 1,200 sq. ft. housing unit with €330,000 being the all-in cost. While I support Dr. Lyons's proposal to have a government-backed database to have up-to-date prices, the difficulty is that the Government may take some decisions on measures to bring down these costs before such a database exists. Can Dr. Lyons tell the committee his view of some of the proposals to reduce costs from some of the bodies quoting those higher-end figures, particularly the VAT and development levy reductions, and whether he is supportive of them? Does he see downsides in terms of the loss of revenue to local authorities or the Exchequer?

It seems that people need to get their heads around a percentage of housing stock being in the social sector. Based on Dr. Lyons's research on more stable housing systems in Europe, is there a standard? We have about 10% currently. Do we need 20% or 30%? Before we get into the question of who provides it, what is the sufficient supply of social housing to help stabilise the overall system? In that context, my concern with Dr. Lyons's proposal for the approved housing bodies is the fact that even if they were operating to the maximum of their ability and were able to get the credit they say they want, they would only be able to produce about 4,000 units per year and it would take them several years to get to that point. Given the level of housing need, why does Dr. Lyons seem to write off local authorities also filling that space but on a much larger scale in addition to the approved housing bodies?

Dr. Lyons said the least about the private rental sector. Again, it is one of the least regulated parts of our system. I am interested in hearing Dr. Lyons's thoughts on the record about how we could stabilise that sector in terms of security of tenure and rent certainty for tenants and make the supply end more professionalised and stable and less volatile.

Deputy Bernard J. Durkan: I welcome Dr. Lyons and thank him for his submission. I agree with some of his comments and strongly disagree with others, particularly the transfer of land from local authorities to approved housing bodies. I cannot see the logic in this and would like to see the reverse happen. Long before we had the kind of situation we have now, local authorities built a large number of houses and lent an equal amount of loans to enable people to buy affordable houses. That happened for many years and it worked extremely well. We did not have a housing crisis because they were able to meet their obligations and plan ahead and they knew what the requirements would be in the same way as we are supposed to know what school place requirements and health service requirements will be. In recent times, we have lost sight of it. One of the problems was that we shifted from the local authorities to what was effectively a privatised system that simply did not work and that is not working now.

Worse still is the legacy of the housing bubble, namely, the inflation of potential development property. This has not gone away. We have a social obligation to provide an access route to housing. We do not necessarily have an obligation to ensure that everyone makes a profit during the course of it. To what extent has Dr. Lyons studied the degree to which various properties were acquired during the bubble and turned over on numerous occasions before a sod was

turned? It gave a new artificial value to potentially building property and more particularly, it was done at a time of very low interest rates, as is the case today. This made it much more attractive to people. We can list a number of prime housing sites in this city and adjoining counties where this happened. I am concerned about that because I do not want to see us go down the same road and be in an even worse situation.

Has Dr. Lyons quantified the employment potential of the building of housing because it is of considerable importance as well? He mentioned market-led demand. I would rephrase that. It is the housing requirement. It is almost a life-and-death issue. It is the requirement for a roof over the heads of many people in this country.

Dr. Lyons identified the control of costs. During Keynesian times, J. K. Galbraith identified the control of costs and rightly claimed that one could not introduce incentives into the marketplace to support and boost some parts of the economy without controlling costs because otherwise, it would lead to massive inflation. I agree with that part but I have deep concerns about the other parts.

The degree to which the proportion of household income dedicated to paying the mortgage or the rent is increasing and the cause of that has been dealt with by Dr. Lyons. The rollover speculation to which I have referred previously is one of the causes of that problem.

I was commented on unfavourably when I referred, for instance, to people on a Dáil Member's salary being unable to pay a €400,000 or €500,000 mortgage today. That is correct and it is simple to work out. A person earning €100,000 a year takes home €50,000. The guideline used to be 2.5 times the income of the main earner, which works out at €250,000. There is no possibility in the current market of somebody buying a house with that repayment potential. That needs to be addressed. It is massively beyond the reach of the average house purchaser or renter. Renting was put forward as the answer to our prayers. That was wrong and did not work. More than 150 years ago, there was a war about the right to own one's home and the security associated with that. That issue is as alive today as it was when Michael Davitt and Parnell were involved.

Deputy Ruth Coppinger: It is interesting that Dr. Lyons is the only housing expert or academic to have appeared before the committee.

Dr. Ronan Lyons: And Professor P. J. Drudy.

Deputy Ruth Coppinger: Housing is not his sole focus.

Dr. Ronan Lyons: It is.

Deputy Ruth Coppinger: A number of people were suggested for this session on financing a house, in particular. More property interests have testified before the committee than independent witnesses we had suggested. I acknowledge Dr. Lyons works for *daft.ie* and he made that clear. It would have been good to have had balance in the contributions. Representatives of landlords, chartered surveyors and the CIF have appeared but other groups we suggested such as Construction Workers Alliance Ireland and Dublin Tenants Association have not been invited.

Dr. Lyons has proposed getting rid of Part V and the rent supplement and replacing them with a single housing subsidy. One third of the population who need assistance to afford a home would get this subsidy. I will go into the repercussions of that later but would it not be cheaper

to build council houses? It is extremely expensive to provide a subsidy on this scale. Dr. Lyons mentioned a figure of €600. The State has paid billions of euro to private landlords over the past number of years in rent supplement. The advantage of the subsidy is people would acquire a permanent asset rather than having the State subsidise private landlords. This would also give security of tenure to families.

I have a case of a family in homeless accommodation who have been allocated a house in Swords but their children go to school in Ongar. They have to consider switching the children to another school or driving between Swords and Ongar each day. Dr. Lyons will be aware how important school is in the life of a child. His proposal means there will not be permanent security for people in a house in a community. They will just get this subsidy. If one compares paying differential rent to a council with Dr. Lyons's proposal, his proposal will be cheaper for people. I am all for reducing costs.

Dr. Lyons mentioned that ghettos are being created by public and council housing. It is something that features in the minds of a lot of people and it has become evident there is a lot of stigma attached to social housing. Social housing is probably not a good term because it suggests that people have serious social problems. It is something that will have to be addressed because there is opposition to council housing now because of these things. Another option, which existed in the past, is that there would be a more diverse range of incomes in public and local authority housing. This could be achieved by raising the qualifying income for eligibility for council or social housing and having more diversity of incomes in the council estates by having more affordable mortgages or differential rents to the council, which was the case for many decades. Dr. Lyons seems to be arguing that the other advantage of the income-based subsidy is that it would not matter whether the house was publicly or privately built. From all the evidence we have heard, the private rented sector is where the problem is located. People are experiencing insecurity and the trauma of trying to pay rents. People are becoming homeless right now because there is so little security for people to protect them from eviction. I have not heard anything put forward by Dr. Lyons that would get rid of those problems. His solution seems to be more private housing because he is arguing that the subsidy would go to approved housing bodies-----

Dr. Ronan Lyons: I will wait for the Deputy to finish and then reply.

Deputy Ruth Coppinger: -----rather than to councils. Dr. Lyons has said that there has been some interest from private investors in the social housing market. Will he expand on what he means by that? Does he mean getting involved in it or buying houses up? The position is not clear.

Dr. Lyons raised a number of issues about loan ratios and property prices. He implies in his submission that reducing the cost of building a house would not necessarily address this. There are difficulties associated with lowering the cost of building a house, which is argued for by the construction industry. We would all like to see the costs lowered but how they are lowered is important because it can lead to more simply being loaded onto the profits rather than prices and rents going down. If one wants proof of that, one need only look back on the boom when the costs for developers were dramatically reduced through tax incentives, regeneration and other schemes. It did not lower the cost of a house or rents in 2006 and 2007 when prices were rising dramatically.

Dr. Ronan Lyons: One of the points raised by Deputy O'Dowd ties in with one of Deputy Coppinger's points about State-owned land and is clearly a live issue in this committee. I will

not fight to the death over the issue of the local authorities versus approved housing bodies but the provision of social housing should not be left to the market. Most people are in agreement on that, given the failed experiment in other countries and, in particular, what happened in Ireland in the last generation. The reason why approved housing bodies get a slight nod over local authorities is because in the past local authorities built and lent at scale and were also significantly more financially autonomous. They could do these things. The approved housing bodies can now fill that role because the local authorities are so dependent on central government that I do not see them having the capacity. I would be more than happy to be won over by a local authority that can do this. While I know there are many small approved housing bodies, equally there are many small builders in the for-profit construction sector. The point is not about the small ones, but about the big ones. The top three, four or five approved housing bodies can work in partnership with developers and get significant scale, which was one of Deputy Ó Broin's points.

I have no quantitative forecasts on how much they could do overnight. It is just too much of an unknown. We do not know the parameters to be applied to that. The developer at the top of the Cherrywood development is Hines, an international Boston-based company. It is working with not only approved housing bodies, but also health care providers for older people and so on. It has all this housing stock and wants to ensure it is all used, so it is talking to those bodies. It is building thousands of homes. The only thing missing in that jigsaw, the only thing stopping Clúid looking for 1,500 of those homes and not 150 is the link between how Clúid pays Hines and how Clúid gets paid. Unfortunately, the present systems of differential rents, rent supplement and Part V do not make that link.

Deputy Coppinger asked what it meant that there was private interest in social housing. This is almost identical. I think the credit union is an example of this. The credit unions claim to have - I cannot remember the figure now - €3.5 billion and want to know why they cannot use it for social housing. They are not gifting it; they expect to get paid back. It is just other private sources of money saying, "If you need social housing, we're looking for 4% or 5% return, so go off and use it, and pay us back at 4% or 5%." That is all I meant by that. It is not that they would own it.

They are lending the money and not renting the buildings to the housing providers, which should be local authorities or approved housing bodies. I believe approved housing bodies can be more flexible because they can go from market to market and establish partnership relationships with developers to provide large-scale social housing that is, as Deputy Coppinger mentioned, not ghettoised. I would have a concern. Clearly not every local authority project that was built in the past is a ghetto. However, where I live backs onto O'Devaney Gardens, which is a classic example of what not to do. In terms of rebuilding it, the most obvious thing to do with such a site which is close to the park and close to the Luas is to have people of all incomes there. As in the example of New York that Deputy O'Dowd mentioned, people do not know who is who in mixed housing and segregation is much less likely. I do not think the solution is to raise the thresholds for the current systems.

In addition, I do not think it is financially viable to subsidise somebody on €15,000 a year - €600 a month. I cannot remember the exact figure; it might have been €500 a month. That would bankrupt the taxpayer. I am talking about an income and cost-based subsidy because that is the best direct link to meet people's needs. Every household has a need for housing and that need has a cost. Unless those two things are connected, it is not possible to ensure there is a meaningful right to housing for all households.

There is one important point that only comes up partly there. We need to think about building apartment blocks. This is true for social housing as well as in the privately owned and rented sector. It has almost never been financially viable to build apartment blocks in this country. The only time it was ever done was either in very high-income areas - there are some 1960s and 1970s apartments built in Dublin 4 and Dublin 6 - or when there were tax incentives. We have a real problem because the Housing Agency predicts that two thirds to three quarters of the housing demand will be for one and two-person households. We have enough family homes but just do not have families living in them. That is a big problem. This is not about forcing older people out of their homes either. People who want to stay in their homes can do so. However, there are many older people who would love to downsize. There are no options for them either. There is a lack of options at all levels and ages.

Deputy Ó Broin asked specifically about the measures that have been put forward by the industry. I might at this point respond to a point made by Deputy Coppinger. I do work with *daft.ie*. I am here today not in any industry sense but because I care about the housing needs of people on all incomes, high and low. I do not know if agency is even aware that I am attending this meeting: it is not that type of relationship. I try to be independent and evidenced based. Among the measures being talked about by the industry is a reduction in VAT on land. I have looked at the figures. Even if VAT on land were abolished or land was made available free such that the only costs were in respect of construction and professional fees, it would still not be possible to build apartment blocks in Cork or in Limerick and rent them at current market rents in the hope of meeting one's costs. We have a huge problem around the core direct cost of building. I would probably listen more to the quantity surveyors than the Construction Industry Federation on that one.

Somebody needs to get into the nitty-gritty of how we build in Ireland in comparison with other cities and to find out what has gone wrong. The cost of building of a house did not decrease during the property bubble; it increased significantly. Roughly speaking, in 1995 the average house was worth €120,000 and, as best we can tell, it cost approximately €100,000 to build. The price of a house then increased from €120,000 to €360,000 and, it appears, the cost of construction doubled. When the price of a house halved from €360,000 to €180,000, cost being at €200,000 became a real issue. The reason lots of houses were being built during the boom is not because the price of a house was so high but because costs were low. Costs were quite high relative to incomes. It was because so much money was being thrown at us at that time that prices rose as high as they did. For this reason the focus on costs is crucial now.

Deputy Coppinger asked if reduced costs would lead to increased profits. I would not look to the boom to see how that works, rather I would look at who is building now. The main firms that are building now build on a percentage basis. They work out their costs, on top of which they include a margin and if the cost does not meet a particular threshold they will not build. If costs are lowered this lowers the euro profit they make on a building. It does not increase it. In regard to property currently being built, it is true that profits on such property will increase but almost nothing is being built in comparison with need. Society wins - I am not too fussed if the developer also wins - because more homes are built and overall house prices and rent levels decrease.

When we recall the property bubble, we think of lots of building, which we associate with rising prices but, as outlined in the chart on page 3 of my submission, prices during the bubble were pushed up by credit. Members will have seen the impact of all of the building in the following five years. When the credit stopped, additional building, particularly in areas outside

of the main cities, decreased, which, in turn, lead to a decrease in the price of housing. The experience in every country has been that increased supply leads to lower rents.

Deputy Ó Broin mentioned the private rented sector. While I did not mention it specifically, I believe it has a key role to play. It appears that property ownership of approximately 70% is sustainable but that anything above that would be financially unstable. In regard to the remaining 30% and what portion of people rent because they are on low incomes or for lifestyle reasons there is no golden rule. The private rental sector is hugely important. I am not opposed to security of tenure. I am of the view that the current rent certainty measures are mild and that stronger measures could hurt the people they are aimed at helping because they would halt the building of new supply. Overall, I think the legal side is second fiddle to the market side. Nobody was worried about security of tenure in 2009 because rents were falling 10%, 15% or 20% year on year and if one was a tenant, one was king of the market. The real problem is lack of market power on the part of the tenant. If we increase supply, we give people more power. I agree with backing that up with security of tenure but as we professionalise our landlord base, that is happening anyway. Agencies want to maximise occupancy. Real estate agents such as Kennedy Wilson that are tasked with letting accommodation on behalf of landlords who do not have nieces or whomever coming to the city to attend UCD in the autumn are not interested in turfing people out of that accommodation. They want people in the accommodation they are seeking to let. So, we are pushing an open door with professional landlords. I have what is probably a minor point on the extent of flipping and whether it and excessive trading drove up the value of properties. The evidence from other countries would say it did. Unfortunately - and this is where the academic in me comes out - we just do not have the data to be able to say that. I know Deputy Noel Rock and I asked him to put a parliamentary question on this last week. Could we get the Revenue Commissioners' records from 2000 to 2009? We have them from 2010 onwards but we do not have them from that period and cannot answer key questions around the bubble without that data. It is a small point but the issue is symptomatic. If we do not view publicly-owned data as something we can use to improve our future decision making - if we view it as an archive that we must protect from other people - we will end up making bad decisions.

Chairman: There will be one or two other brief points before we conclude.

Deputy Maureen O'Sullivan: Dr. Lyons can tell me if he answered this when I was out of the room. The issue relates to the Central Bank mortgage rules, as the witness mentioned the focus on the minimum deposit. What exactly was he suggesting in that respect? What is his opinion of the O'Devaney Gardens site? Does he favour building on it?

Chairman: The witness mentioned the Dublin Industrial Estate, the city council and height issues. Much of the committee's consideration regards what can be fast-tracked but there is also the view that what we do must have a sustainable roadmap for the future needs of the city. I have seen Dublin go through considerable change. There are places that would have been a hive of activity around the quays. I remember in the 1970s driving into the docks for collections where the ships came in. All that has been redeveloped. There is still a considerable amount of industrial and brownfield sites in the city centre and its proximity. At the same time we have had regeneration through modern office blocks, with the likes of Google in the city. I wonder if we need a more aggressive policy of land use for the Dublin city area, particularly as brownfield sites with low densities are probably a thing of the past. How do we get the mix with the population required to support it and how do we plan for that so we are not always playing catch-up, with public transport in a mess?

We are still attracting foreign direct investment and companies are still locating in new and modern office blocks that are being built, as the witness correctly noted. How do we convert brownfield sites to residential property or go about planning that so as to sustain us over five, ten or 20 years? That should cover the questions.

Dr. Ronan Lyons: I would love to stay longer but I know there are other witnesses coming before the committee. With regard to the minimum deposit, if I were to start from scratch, I am not sure I would have designed the process going up from 10% to 20% on a sliding scale. Having said that - and I believe the Governor is of the same view - once the rules are in place, they should only be changed for important reasons. I would probably leave them as they are. People speak about a 20% deposit for a first-time buyer but that would only happen if that buyer was buying a property worth €10 million. It is lower for any feasible amount used by people to buy a property; it is closer to 12%. One could argue it could go down to 8%. Again, I am not going to fight to the death over that. The 10% point is there and I would be reluctant to change it, as then it becomes an issue that can always be tinkered with. People know it is there and those in their early 20s act as if it will be there in ten years.

The O'Devaney Gardens site brings up wider issues. We need to build reasonably high density on that site and we can consider what other cities would do with that site, which is close to light rail and parklands. We can put in schools and other public services. I described myself once as a "please in my back yard" as I can look out on everything. I have a wonderful view of the city but I should not have. There should be something that people live in and get value out of in that space. It is not that the building should have 20 storeys but it should have pretty high density when compared with the rest of Dublin.

I mentioned the Dublin Industrial Estate. That got me into hot water in the past. I will give another example of land use that I believe encapsulates what you are talking about. Dublin Bus has seven depots. Six of them are in city centre areas. Three of those are not near any terminus of the core Dublin Bus routes and the other three are near a couple of them. However, most of the Dublin Bus core routes start at the outside of the city, so close to Harristown or one out near Lucan would make sense. The six central ones have one feature in common - they were all previously Dublin United Tramways Company depots. In Ireland we have a land use policy that is just last use. Whatever was done ten or 20 years ago is the benchmark now. We must be a great deal more aggressive.

I am not arguing for market-led development, but my worry is that we have gone too far to the other extreme whereby the planner knows best. I am happy with a planner-led system, but a planner-led system where the market, as in people, can put in their suggestions. If a developer offered to buy a site and put in 400 apartments, of which 100 will be social, they should have a way of doing that. In the UK there is what is called a "right to contest"-----

Deputy Ruth Coppinger: That would never happen.

Dr. Ronan Lyons: I am trying to be optimistic in terms of thinking about possibilities. I believe we must rethink how we use land, particularly in city centres, because it has become last use, not best use.

Chairman: Thank you for your presentation this afternoon, Dr. Lyons, and for your attendance. Again, I apologise for having to cancel your appearance previously.

We will suspend the meeting briefly before meeting our final witness of the afternoon.

Sitting suspended at 4.12 p.m. and resumed at 4.15 p.m.

SONAS

Chairman: Before we commence, I draw the witnesses' attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. The opening statement that was submitted to the committee will be published on the committee 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 by name or in such a way as to make him or her identifiable.

I welcome the organisation SONAS, which is represented today by Ms Fiona Ryan and Dr. Stephanie Holt. Their submissions have been received and circulated and members have them. I ask Ms Ryan to make the opening statement and then my colleagues will have a number of questions for them.

Ms Fiona Ryan: I thank the Chairman. I am conscious that the committee is at the end of a very long day, so members will be pleased to know that I will be making some very simple statements to the committee. If they are taken on board and remembered, members have the opportunity to make a real impact. I appreciate that we were facilitated to be here.

My name is Fiona Ryan and I am the chief executive of the SONAS domestic violence charity, the largest provider of front-line services to women, children and young people experiencing domestic violence in the State, although we primarily operate in the greater Dublin area. I am accompanied by Dr. Stephanie Holt of Trinity College Dublin, who is an internationally acknowledged expert in the area of child welfare, protection and domestic violence and latterly has done a great deal of research around the intersection between homelessness, child welfare and protection and domestic violence. In terms of expertise, we are very lucky to have her here today. One might well ask why the head of a domestic violence service and an academic are here today to talk to the committee about domestic violence. There is a simple answer. This committee is examining the issues of housing and homelessness and is looking for solutions. While I can put forward the case as to why women and children experiencing domestic violence are facing a perfect storm when homelessness is included - that is what we are facing every day out there on the front line - I am going to start with general homelessness statistics.

If I could leave the committee with one message today it would be that if it wants to find a solution to families entering homelessness, it has to engage with the reality of domestic violence. In a survey of 70 families who became newly homeless in March, one in six said domestic violence was the main cause of their homeless experience. Add that figure to those who said they had become homeless in the past because of domestic violence and the figure is closer to one in four. I will allow members to reflect on that figure. We were discussing this today

and when we had the opportunity to go in front of the committee. We asked ourselves what would be our biggest challenge in going in front of this committee. It was not that we thought members would not be sympathetic to domestic violence or would not want to find a solution to homelessness, but we figured our biggest challenge was to say how domestic violence is a leading cause of families becoming homeless. I will leave members with that thought. One in four newly homeless families are such because of domestic violence. Committee members will know from their own constituency clinics that 78% of victims do not disclose their experiences to anyone, which means that we have a massive hidden problem in terms of unofficial homelessness and domestic violence. Professor Holt will speak more about this and with more authority but we are talking here about a particular cohort of the homeless population that is at additional risk.

There is tendency in Ireland - I hope the committee will forgive me for digressing - to view domestic violence as something that is uncomfortable and hard to figure out. It is something that happens behind the hall door and even though we have the words to describe it, we have not quite come to terms with the fact that it is a crime. While it is a crime that affects women, children and men, it has a disproportionate impact on women and children. If one wants to talk about crime and prevalence, about what lands a person in an emergency room, in intensive care or in a morgue, then one must talk about domestic violence. More women have been killed in the past ten years by partners or in a family context than people killed in a gangland context. There has been a massive response, both in terms of the public imagination and the statutory response, to gangland killings but no similar response to women and children experiencing domestic violence. That is the nexus point, crisis or perfect storm to which we refer when we talk about families entering homelessness because of domestic violence. Such families are already at risk. We are talking here about their physical safety, not just talking their psychological or emotional well being. We are putting them into homeless services.

SONAS provides a refuge in west Dublin as part of its suite of services. Some committee members are from that constituency and they will know that we are overwhelmed. As part of my preparation for today's meeting, I consulted managers of other refuges, including Saoirse, Aoibhneas and the refuge in Rathmines. The quantum of services provided by SONAS goes beyond refuges. In terms of the front line, refuge providers are in the trenches and all are overwhelmed. We are turning away five times as many women and children as we can accommodate. These women and children are going to stay with relatives, sleeping on floors and presenting to the homeless services. There is a distinct link, a causal relationship, between domestic violence and families entering homelessness.

The overwhelming majority of these newly homeless families are female-headed households. As I said earlier, domestic violence is a crime which disproportionately affects women and children. The question has to be asked – how are solutions to families becoming homeless to be found when one of the root causes of women and children becoming homeless is domestic violence but this is rarely even acknowledged? I doubt that anyone who has appeared before this committee to discuss homelessness has even referenced domestic violence.

Deputy Eoin Ó Broin: I have, for the record.

Ms Fiona Ryan: I am delighted to hear that because it is absent from the national homeless policy. At best, it is referenced or alluded to but in terms of a cascade, following actions and a strategy, it is conspicuous by its absence.

SONAS is a member of the Dublin homeless network. I looked at the network's submission

to this committee and asked: “Where is domestic violence in here?” The response was that of course domestic violence is a key contributing cause, which is why they gave us that statement. It is implied and that is the problem when one is discussing domestic violence and homelessness. There is an understanding that it is understood but this is Ireland and if one does not state something explicitly, then there will not be follow-up action to address the issue. If we do not engage with the fact that domestic violence is a key contributing cause of families becoming homeless, then we will not find a solution. This will require an intergovernmental response, as well as recognition and engagement by all stakeholders, particularly the Department dealing with housing, planning and local government.

Domestic violence is a key contributing cause of family homelessness and a dual approach must be taken. It is not just about housing. This is what differentiates it from mainstream housing policy. We have Housing First. That is great for a particular group of the homeless population and, in fact, for a majority. Even within those families who experience homelessness and domestic violence, it is a solution for many of them but the reality is that families, women and children experiencing domestic violence require a number of safe accommodation options - post-refuge accommodation, step-down accommodation which is for up to six months; safe homes in the community. We provide all of this as part of the quantum of services but we do not have enough. That is something that would differentiate that service provision from general homeless provision. Some general homeless recommendations talk about a family having a centre of interests and trying to house them as close as possible to that centre of interests. That may be diametrically opposed to the safety, welfare and protection of the women and children with whom we work because they can be, literally, just down the road from the perpetrator and his extended family or associates. We need to be mindful and aware that not one size will fit all or not one solution will fit all. If we are serious about providing those client-centred needs-led services and finding real solutions to homelessness we need to take this on board.

In my submission I mentioned that SONAS is a member of the national monitoring committee of the second national strategy on domestic, sexual and gender based violence. The monitoring committee is meeting tomorrow. There is a real opportunity for this committee to put forward recommendations that can inform that national monitoring committee. Action 2.3 reads: develop guidance for local authorities with regard to the policy and procedural aspect of their housing role which will ensure effectiveness and consistency in local authority responses to victims of domestic violence. To be frank with the committee, the guidelines and the opportunity for engagement are welcome but right now we are facing a real crisis. We need to know that we can move this on at a faster pace. We need to know there is real engagement to be had around what are the accommodation supports women and children actually need.

I am conscious that the committee is at the end of a long day and is looking to find solutions. I would like to leave the committee with a couple of simple messages, following which I will ask Dr. Stephanie Holt to speak to the issue.

Our messages are as follows. It will be difficult to find a solution to families becoming homeless without engaging with the reality of domestic violence and the part it plays in families becoming homeless. Families are leaving home because of domestic violence. Again, I would remind the committee of the one in four figure for families becoming newly homeless with domestic violence as a cause.

The homeless crisis will require a number of solutions. There is no one size fits all solution, no matter how attractive that sounds. I feel like being facetious and saying any woman could have told the committee that. Victims of domestic violence need a variety of safe accommo-

dation options and right now, the safety, protection and lives of women, children and young people are at risk. I am not being dramatic by saying that to the committee. Its members can speak to the Garda Síochána, front-line workers and social workers who will confirm this. This risk is real and is being multiplied by these families' experience of homelessness.

Because we knew we were appearing before the committee I would like to read a statement from the Dublin Homeless Network. It states: "The Dublin Homeless Network acknowledges that domestic violence is a significant cause of women, children and young people coming into and remaining in homelessness. National housing and homeless strategic responses should incorporate and recognise domestic violence as a significant issue which requires housing led and other support solutions." I would say that, perhaps, "housing-led" and safe accommodation is not necessarily the same as housing.

Because we only got notification on Friday that we would appear before the committee we had only a day and a half to speak to the other organisations. All the other domestic violence refuge providers in Dublin, Aoibhneas, Saoirse and Rathmines Refuge, are backing this submission. The National Women's Council of Ireland, Ruhama, the Immigrant Council of Ireland, the Safe Ireland Network which also provided the committee with a submission around domestic violence, and the National Collective of Community-based Women's Networks have all recognised the call within the submission and would support it.

As I said, the national monitoring committee of the national domestic and sexual violence strategy on domestic, sexual and gender-based violence meets tomorrow. Together we have an opportunity to make a real difference to families, women and children and young people experiencing domestic violence and homelessness. The victims of domestic violence and homelessness are, in many cases, exactly the same people. Let us take the opportunity to make a difference and, hopefully, make it better. I will now hand over to my colleague, Dr. Stephanie Holt.

Dr. Stephanie Holt: I thank the Chairman and other members for hearing my contribution to this debate. I will talk first about an issue in respect of which I have particular expertise - children's experience of domestic violence - before making some significant links to homelessness and, in particular, the significant risks to which children can be exposed as a result of that experience. One of the difficulties historically across all jurisdictions - it is not really an Irish issue - is how we respond appropriately to the welfare and protection needs of children who are exposed to domestic violence. That concerns how we understand the issue.

I have three points to make concerning that. One of the issues has been, similarly to homelessness and somewhat paradoxically, that domestic violence has traditionally been seen as an adult affair that does not concern children. This was despite a burgeoning evidence base to the contrary that would robustly suggest otherwise. International evidence on the prevalence of children's exposure to domestic violence would say that they are centrally involved in every aspect of that.

Domestic violence can be seen as episodic, something that happens every now and again. For the children who experience it, however, it is something that pervades their lives absolutely. It is something with which they live. They live with fear, anger and parents whose parenting capacity is somewhat compromised to various degrees. Exposure to domestic violence is clearly linked to child abuse and there is empirical evidence to support this. At its basic minimum, living with domestic violence is seen as a form of emotional abuse. That is reflected in our Children First guidelines. It is also clearly linked to the physical abuse of children and, to a lesser degree, their being sexually abused.

Unfortunately, for those experiencing domestic abuse, it is rarely the only issue that children, young people and families are experiencing. Alongside that, there is a multiplicity of other issues which complicate that experience to some degree. In that mix are substance abuse and mental health issues for parents and children. Seriously disturbed children are presenting with suicidal ideation as a result of that experience. Poverty also comes with that. Alongside the latter is homelessness, which we are discussing today. That presents a dynamic risk for children which is ongoing and quite difficult to tackle.

Focusing specifically on the issue of homelessness, it is a significant stressor in the lives of children and families. Poverty is both an antecedent to homelessness and it significantly adds to the stress that families experience. However, being homeless, which may arise from the need to leave a violent relationship, also significantly elevates the risk for children and their non-abusing parent. As Ms Ryan has already pointed out, the latter is largely the mother. Being homeless also seriously compromises their safety.

Before coming to my second point, I wish to highlight that the presence of domestic violence is a consistent factor in serious case reviews, both here and in the UK. We are talking about death and serious injury to children. Domestic violence is in the mix for many of those cases.

My second point concerns when families leave due to an experience of domestic violence. The drive behind a lot of social health care, child protection and welfare and An Garda Síochána activity is generally to keep people safe - leaving a scene and arriving at a safe point. Somewhat paradoxically, the first six months post-separation is the most dangerous time for women and children. Their risk of serious assault or lethal assault - that is, serious assault or situations where assault results in murder - increases by 50% during that first six-month period, which is quite significant. That is across all jurisdictions. In entering homelessness to get away from violence, women and children are at an increasing risk of lethal assault and our ability to protect them is compromised quite seriously. If we combine the first point about exposure to domestic violence and the second point about that leaving point and entering homelessness, I refer to what Ms Ryan was talking about, namely, that perfect storm. It is probably a slightly unfortunate term to use because there is nothing perfect about women and children choosing to leave home and enter homelessness. I use the word “choosing” in its broadest sense because very often it is not a choice. The impact of domestic violence on children is generally central to the decision the woman makes to leave her intact relationship with her abusive partner and to enter homelessness. However, in doing so - and with some of the very unstable housing options there for her at the moment, particularly but not exclusively the hotel accommodation - her risk and the child’s is elevated to a degree that is of huge concern to those of us who engage in research and practice with children and families who are experiencing domestic violence.

Our mandatory responsibility to promote and the welfare of and protect children is completely compromised given the current housing options and the lack of engagement with the debate around domestic violence and homelessness. There is a need to make that link. Ms Ryan referred to the gendered nature of domestic violence and that is very clearly seen in the current rise, a huge spike, in single parent families who are entering homelessness and the significant degree of domestic violence in the background to those situations. This is a very complex and multifaceted issue which requires an equally multifaceted response; one that demands a multi-agency, multi-professional and perhaps an intra-governmental approach to an issue that is quite complex.

Chairman: I thank Ms Ryan and Dr. Holt for their opening presentations. I will take a

number of questions and comments from Deputies and then the witnesses can respond.

Deputy Eoin Ó Broin: I thank the witnesses for their presentations. Many of us on this committee represent constituencies that have very high levels of family homelessness and housing need. We have been working with many of the realities described by the witnesses and they confirm the picture of what we are experiencing in the constituencies.

The job of this committee is to report and try to present as focused recommendations as we can to the Dáil and to the new Minister for housing. The more focused we can make our recommendations, the more chance that at least some of them will get taken up. Having accepted the outline of the presentations there are a couple of areas on which I am keen to hear the witnesses' views. Part of the responsibility for funding the refuges lies with Tusla, but the general housing policy and long-term policy rests with the Department of Housing, Planning and Local Government. Often there is a disconnect between the provision of services from entering the refuge, then into step-down and then into long-term housing. I am interested in the witnesses' reflections on whether that is a difficulty right across the system and whether they have any recommendations for how that could be addressed. Do we put all the responsibilities into the housing remit or do we put some of the housing responsibilities into Tusla? In their experience, what do the witnesses consider the best way to tackle that? In the interests of clarity I would like the witnesses to explain, on the record, a person's transition from the refuge to step-down to safe housing so that everybody who reads the presentation is clear about how that model works.

One of the difficulties seen in our constituency offices is when women with children who are experiencing domestic violence are private home owners. Their ability to access social housing supports of any kind is absolutely at the discretion of the local authorities. Some local authorities have a more sensitive approach while others have a very negative approach. Do the witnesses have any policy recommendations specifically on how that could be tackled? The same question applies for sharing tenants in local authority accommodation, the classic case of domestic violence within a shared tenancy. The local authority generally sees that as a domestic matter and will not get involved. The authority says it is a matter for the courts or for the gardaí. Do the witnesses have any recommendations regarding that?

I wish to pick up on a point made by Ms Ryan regarding the assessment of need. Obviously the centre of interest is one of the qualifying criteria. Perhaps Ms Ryan could clarify if it is SONAS's experience that local authorities are refusing to grant an assessment of need away from what would have been the person's centre of interest, even though there is supporting evidence from referring organisations that the centre of interest includes a violent partner? Does Ms Ryan have specific policy recommendations, for example in changes to how local authorities perform housing needs assessments, that could fix that problem?

Deputy Ruth Coppinger: I welcome the witnesses to the committee. I am glad this topic is being aired because I definitely see a link between domestic violence and the people I meet who are becoming homeless. They are not leaving directly because of domestic violence and these cases are vastly under-reported. When we get talking to these women we discover there is a history of domestic violence. It is not necessarily the cause of their homelessness now but it has been in past relationships.

There is such a trend in society of victim blaming. Now is not the time for a discussion on domestic violence but there is a constant invocation asking why the woman does not simply leave. It is a little ironic now because it is extremely difficult for anyone to leave. We all know it is not as simple as just leaving. The point was made about the most dangerous time being

when a woman leaves and in the period afterwards when partners follow up.

I am keen to draw these things out. One of the witnesses said her organisation is turning away five times more families than it can cater for. From my past interactions with rape crisis centres and other organisations that deal with violence against women, it is clear they are suffering under cuts as well. We have seen instances of refuges closing down. No one can see a refuge as being a solution, obviously. However, what I have been hearing from those involved in refuges is that women cannot get out of them. Will the deputation elaborate on that point? It is similar to the idea of a bed blocker - a horrible term - in a hospital in the sense that there are no places in refuges because of the homeless situation. This is a serious issue for the safety of women and children. One issue that probably has not been drawn out sufficiently at this committee is the child welfare aspect of homelessness. The damage that is being done to children psychologically arising from homelessness is extraordinary, but it is worse still if we factor in a history of domestic violence.

I have extensive anecdotal evidence of people having to stay in the house, and this has been brought out already. They may want to separate but cannot afford it. There can be psychological control of and damage to women in those situations as well. Will the members of the deputation clarify whether they are aware of situations where women have been hurt because they were afraid to leave given the likelihood they would fall into homelessness? Will the deputation draw out that point and give some details? Are we likely to see women and children facing serious injury, possibly even death, in the near future as a result of the housing crisis?

The deputation has said domestic violence is a leading cause of women, children and young people becoming homeless and that it is a pathway to homelessness. I assume the solution is not only building houses but providing affordable homes for families to be able to access. Are there specific immediate emergency accommodation issues as well? Do the organisations need more houses provided in the short term for families?

Deputy Brendan Ryan: I thank Ms Fiona Ryan and Dr. Stephanie Holt for coming in to help us with our work. This is an important element of it. They have described how the problem of homelessness changes the crisis of domestic violence into a disaster when the two are combined. Previously, they indicated that before the homeless crisis there was safe accommodation and accompanying services. If we could magically address the homelessness issues generally, would that adequately deal with it? Would it get us back to a point where there is a reasonable level of support?

The deputation has said that while general recommendations around ending homelessness would benefit victims of violence, victims are at risk from perpetrators. Do the witnesses want us to do more beyond that? One way of doing this is to facilitate transfer of victims to a greater extent in local authorities. That is very important. We need to get people away but there is a big barrier there as the witnesses know and we as practitioners know. That is a big problem for people in this situation.

Deputy Maureen O'Sullivan: Do the witnesses find more men coming to them as victims of domestic violence? Is it more difficult for people from non-Irish national backgrounds to present to them?

Deputy Mary Butler: I thank the witnesses for coming before us and for their submission. How are they funded? Nobody ever has enough funding. Do the witnesses have to raise funds themselves?

Chairman: Before the witnesses respond, I should say that this committee will be short-lived. It has a lifespan of two months. The primary focus is on homelessness and housing issues. While we deal with, and are conscious of, a range of other related issues, such as we are discussing today, addiction and other areas, in the responses to the questions we would like practical recommendations that a Minister could seriously consider. Deputies Ó Broin and Coppinger asked what are the immediate next steps. It is not as though we can wait until there is a recovery in the housing market. We need to understand whether there are tangible recommendations the witnesses would like to see this committee make. Could they please identify those in their response to the questions?

Deputy Eoin Ó Broin: Do the witnesses know the overall level of funding reduction for the providers of homeless services like theirs since 2008? What has been the quantum of loss from then to now?

Ms Fiona Ryan: I will take the last questions first. SONAS is very lucky to be funded by the Child and Family Agency. In 2015, many domestic violence services were co-funded by the Department of the Environment, Community and Local Government via local authorities and the Child and Family Agency, which had migrated from the Health Service Executive social inclusion area. Most domestic violence services are funded by Tusla, the Child and Family Agency.

I am not here to make an appeal for funding for SONAS or anyone else. We are talking about a much wider and bigger issue. That said, the national domestic violence budget for the country is €16 million. That is what the Dublin Region Homeless Executive, DRHE, spent on hotel beds in the Dublin area for homeless families.

Deputy Eoin Ó Broin: Does that €16 million include the services provided by SONAS?

Ms Fiona Ryan: Yes.

Deputy Eoin Ó Broin: That is the total budget?

Ms Fiona Ryan: Yes. I appreciate that we are not here to talk about domestic violence *per se* but it is worth making a comparison.

Deputy O'Sullivan asked about men and non-nationals. Men do experience domestic abuse. The figures, however, are seven times greater for women and children. The abuse suffered by women and children tends to be physical and brings them to the emergency departments, intensive care or a morgue. I am not minimising the experience of male victims of domestic abuse but from the public health policy point of view they are fewer in number and their experience of severe physical abuse is lower. The corollary is that women and children experience domestic abuse in greater numbers with much more serious physical repercussions. SONAS works with women and children who have suffered domestic violence. We recognise that there are other organisations which work with men as well.

Dr. Stephanie Holt: I will add to that. In terms of how the current crisis has emerged over the past year, I echo Ms Ryan's point on male victims. We are very aware of that. The crisis to which the committee has a responsibility to respond is primarily about households headed by single females. That is what the statistics tell us. The statistics for male single homelessness have not shifted all that much over the past 15 to 18 months. What has spiked quite considerably is single female-headed households with children, and that is why our focus has been on that demographic.

Ms Fiona Ryan: SONAS covers the greater Dublin area and is the biggest organisation in the country. My comments are purely from the point of view of providing the committee with an insight. Some 60% of our clients are Irish, including Irish Travellers, and 40% are non-national, a figure that is primarily split between Eastern European and African people. Within those groupings, the main focus is on Nigerian and Polish people. In fairness, that reflects the proportions within the population in terms of prevalence. The reality is that women and children who are migrants, in particular those who are undocumented, are particularly vulnerable. I had this conversation with colleagues in Ruhama and the Immigrant Council of Ireland. That is why they have lent their support to this submission. We need to be mindful that we are talking about another level of vulnerability.

Dr. Stephanie Holt: We referred to the figures for March. That particular piece of research identified three at-risk groups, namely, women and children experiencing domestic violence, migrants and young women between the ages of 18 and 24. The migrant population, as Ms Ryan said, is a particularly vulnerable one.

Ms Fiona Ryan: I refer to Deputy Coppinger's questions. I want to outline things in such a way as to explain our model of services. SONAS provides refuge, but we also provide outreach and visiting support. Part of the visiting support involves a homeless prevention initiative for families who have experienced domestic violence and have secured accommodation. That is a leading cause of a lack of tenancy sustainment for women and children.

We work with women and children in their homes to avoid them having to go to a refuge. We also provide safe homes in the community, which is different to the safe housing to which Deputy Ó Broin referred. Our safe homes are homes that are relatively discreet in communities where women and children receive intensive support from us. They are an alternative to refuges.

Deputy Eoin Ó Broin: Is the support on site, visiting support or a mixture of the two?

Ms Fiona Ryan: It is a mixture. For want of a better term, it is an intensive visiting support. Our visiting support service also provides a dedicated crisis intervention service for families who are in homeless services. We developed this model of service because we believe in starting with the woman and child. We have a very simple response to this. Their needs shape our response, and their safety and protection needs have primarily shaped how we develop services. There is no denying that high-risk high-needs clients need refuge.

The Deputy described the situation perfectly and made an astute observation. I use the term "choosing" in the broadest sense, but women are telling us they would rather stay at home and manage the abuse than face risking their children going into homeless services. When I refer to abuse, I am not just talking about verbal abuse. I may mean regular beatings or sexual abuse. There is a very high prevalence of sexual abuse in the context of domestic violence. Our services peak after Christmas because women hold things together so that kids' Christmases are not disrupted. They peak after the leaving certificate exams because women make sure that their children who are doing exams are not disrupted.

The committee needs to be aware of the fact that the current homeless crisis is stopping women and children entering refuge. Many of those seeking refuge cannot access services. We make sure that no woman and child leaves our refuge without being offered a service. When they are in refuge our first work with them involves finding them somewhere to move on to. No one wants to use the analogy relating to bed blocking, but when people are in refuge they are

taking up places that others cannot access. To where do we move women and children? It is not just about finding housing. That is a large part of it eventually down the line, but there is that interim step around that critical six-month period where there is a need for what we call step-down accommodation. It may be a transitional point beyond refuge where there is still a high risk. The committee asked for solid recommendations to be made to it. First, there needs to be a real conversation between the new Ministry, formerly the Department of the Environment, Community and Local Government, Tusla and the Department of Justice and Equality. We need real inter-agency working on the ground, similar to what exists in adjoining jurisdictions, where accommodation needs are reflected in any care plan put forward for high-risk women and children. The agencies need to talk to each other but there also needs to be fluidity in the accommodation stock that exists. If accommodation is available it must be made available for step-down accommodation. Of course, people will want to move on to housing and move on with their lives but we must establish risk and safety as the priority criteria for post-refuge or any form of emergency accommodation.

Deputy Mary Butler: Ms Ryan mentioned safe homes in a discreet area. At times, might more than one family be housed in a safe home? Is security required at times? I would welcome some expansion on the point.

Ms Fiona Ryan: This is a new service we set up in response to the housing and homelessness crisis and as an alternative to refuges. We pioneered it in the Dún Laoghaire-Rathdown area with the Dún Laoghaire-Rathdown local authority. It must be congratulated on its far-sighted approach in this regard. Dr. Holt carried out the evaluation of the service, which was overwhelmingly positive. My understanding is that there was no refuge in that area of Dún Laoghaire-Rathdown, where there is a combined city population equivalent to Cork and Limerick. There are four refuges in the greater Dublin area in a population where one in four or one in three, depending on one's estimation of the population, lives. We came up with an alternative. The units are basically self-contained apartments or houses, usually apartments because if they are on the second floor they can be outfitted with security. We liaise with the local Garda Síochána and provide intensive visiting support. It is a new service that is getting off the ground.

Dr. Stephanie Holt: Also, security measures.

Ms Fiona Ryan: There are security measures but they are inbuilt. We outfit the units. The reality is that one could take any suitable apartment, provided it is not a ground floor apartment, in an appropriate area and one could outfit it. That is what we are talking about having-----

Chairman: I am sorry for interrupting Ms Ryan but did SONAS do that because the refuges were full? Was it to provide additional accommodation?

Ms Fiona Ryan: We did this in response to the fact that there was no refuge in the area.

Chairman: Ms Ryan said it is a new service. I am curious to hear what the outcomes are.

Ms Fiona Ryan: I cannot say as I am a bit biased. I will hand over to Dr. Holt who evaluated the service.

Dr. Stephanie Holt: One of the central and critical aspects of the service when we think about homelessness and domestic violence is that the solution is not just about housing, it is about integrating safety and risk and supporting women and children where they are at, if where they are at is in their own communities, or supporting them to move on afterwards. A number of the women who participated in the research highlighted that they would never enter a refuge

with their child or children. Some of those reasons might have been because the child had a disability or because they themselves had a disability and, as such, they were linked into a whole range of services within their own area. Leaving their own area to go into a refuge would mean they would be compromising that network which was really holding the family together. By being offered a safe home in their home, the child could continue to go to school and the family could continue to engage with the services that are essential for normal functioning. The intense nature of the service was particularly highlighted in that women had support five days a week, Monday to Friday, from the visiting woman support worker and the child also got one on one support. The basis for that was an assessment of need and risk in order that a robust and informed safety plan could be put into place for those women and children to support them to move on.

To return to an earlier question asked by Deputy Coppinger about the risk of injury and death and how that is linked to homelessness, if we only look at that six-month period, regardless of homelessness, one has an extremely vulnerable population. Children experiencing domestic violence are one of the most distressed groups in the population of children in this country and further afield so they are already very distressed in a very vulnerable and at-risk situation. When homelessness is added in, it just elevates that risk and increases what is already an established risk of serious or lethal assault. There is research evidence, some of which is in Ireland and more limited evidence abroad, of a clear link between serious and lethal assault involving women and children being murdered in that six-month period. When one adds in the crisis of homelessness, one just shoots up that elevator of risk.

Ms Fiona Ryan: To echo Dr. Holt's comments, for some families, it relates to being near that centre of interest so they may not be the highest risk but being near that centre of interest because of disability supports may outweigh their need to get away. For other families and other women and children, getting as far away from where the perpetrator is and their extended sphere of influence is very important. This also goes to Deputy Ryan's point. Deputy Ó Broin reflected it as well.

We need fluidity. Members are asking for solid responses. Tusla and the new Department need to have that conversation. Domestic violence support services, which are on the front line and can bring that on-the-ground knowledge and shape those policy responses, need to be involved in that conversation. I am speaking for SONAS but I know other services feel like that. We feel that we have been marginalised and that we are there looking after the women and children on the front line but nobody is hearing or seeing us, which is one of our motivations for coming here today. That multi-agency response at both policy level and on the ground is one solid thing I would recommend to the committee. Local authorities must recognise that risk and safety are key determining factors, that they need to be criteria and that they outweigh centre of interest or housing need.

In terms of responses, women and children who are victims of domestic violence require a tiered response. Ultimately, people want to live safely. The issue of whether that is being able to go back to their own home with a domestic violence order, either a barring order or a safety order, or moving into local authority accommodation is down the line. The reality is that they have short-term accommodation needs and cannot be accommodated, which is what needs to be worked on. Again, this is about thinking creatively. What is our housing stock? What can be adopted? What can we do to move on from refuges those women and children who do not need to be there anymore? If they can go into general housing - with or without supports - that is great but what can we do to keep it moving? Again, I would say that there was a shortage

of appropriate accommodation before the homeless crisis arose. The crisis has just added to it exponentially.

Deputy Ruth Coppinger: To clarify, most of the families that SONAS meets that become homeless through domestic violence are households headed by single women. Does SONAS have figures in respect of this matter? I ask this because sometimes there is a reason why women do not marry the fathers of their children, a point that previously arose in the Dáil. There are underlying and serious issues involved and these women then enter a world of poverty because of that situation. We all know single parents and it is interesting to realise that these women are more likely to become homeless. How many of the women that SONAS deals with would be married or in unmarried relationships and how many of them fall into homelessness?

Ms Fiona Ryan: There are very interesting statistics. We have been collecting them for the past year or so and I am happy to have a longer conversation with the Deputy and provide them. What is really important for the Deputy to realise is that domestic violence has an impact on all sectors of society but there are women affected by it who already face multiple challenges around poverty. Women are rational. People are rational and make good choices for themselves. Victims do not contact our services unless they have to.

Members should think of their own families and lives. If one considers that between one in five and one in seven women in Ireland will experience domestic violence at some stage in their lives, members know someone who has experienced it. The first people to whom they will turn will be within their own network as they will go to their families or friends. Consequently, we are only seeing the tip of the iceberg and are dealing with the people who must come to us. I refer to the range of services we offer and a person in outreach could be a home owner in Balbriggan who has approached us seeking advice on what kind of court order one can have and it might just be one contact. However, a foreign national living in an apartment in another area elsewhere in north or west Dublin in which we work might want ongoing support because there may be child and custody and access issues. Obviously, we are trying to build a profile of the clients with whom we work but we start with their needs and then work out to build that wraparound service around them.

Deputy Ó Broin asked me a number of questions and again is seeking solid responses. Local authorities really must engage with the issue and I note local authorities in the United Kingdom have done so. There are some instances in which domestic violence could be grounds for a notice to quit. The last thing a local authority desires is a scenario in which the victim of domestic violence leaves a three-bedroom or four-bedroom house while the perpetrator still resides there-----

Deputy Eoin Ó Broin: It happens quite a lot.

Ms Fiona Ryan: -----and she is with her kids in a refuge, if she is lucky, and then with homeless services. Thereafter, it will fall back on the local authority again to house that family. To bring it back full circle, this is one point I made to the committee. Our challenge in appearing before the committee today was to have members understand the role domestic violence plays in creating homelessness for families, women and children, and that a multi-tiered response is needed, starting at national policy level. Such a response would start with a national homelessness strategy that recognises one size does not fit all. Gender-based violence has an impact and contributes to homelessness. While housing will form part of the solution for the vast majority of people, it is not the only solution. A tiered accommodation response is required, with risk and safety at its centre, and we need that multi-agency working.

Dr. Stephanie Holt: If I can add to that by going back to the families most recently entering homelessness, approximately 80% of them stated they had sought advice and support before becoming homeless and this advice was sought from the housing authority with which they engaged. This offers a golden window of opportunity to engage with families and to integrate that risk and assessment piece. The Chairman referred earlier to hearing a number of submissions previously on the subject of addiction in particular, and with domestic violence, one will encounter multi-layered issues. One will get addiction and all the other bits that make it more complex, which is why there is a need for a much earlier risk and assessment piece to inform safe housing options fully. If the committee wants a recommendation, this is where it starts, namely, that this risk and assessment piece must be carried out much earlier.

Chairman: I have one final question and the witnesses can take a question from Deputy O'Dowd as well. In the witnesses' own hands-on experience, how are they operating with local authorities? Do they have key personnel with whom they deal who understand the issue and are supportive or do local authorities require a better understanding?

Deputy Fergus O'Dowd: I apologise, as I was obliged to leave the meeting earlier. The witnesses have used powerful language because they have brought home to me and to all members how serious an issue this is. On the statistics provided, I believe Ms Fiona Ryan stated one in seven women in a relationship will experience physical violence. I find that to be absolutely shocking, as I did not think the figures were anything like as high as that. Deputy Coppinger should not laugh-----

Deputy Ruth Coppinger: No, it is just that the figure is even higher.

Deputy Fergus O'Dowd: This is not a laughing matter; it is a serious issue. Ms Ryan mentioned Tusla and so on and, in the past, I have been interested in the Tusla reports from the Louth-Meath area about family dysfunction and the huge complexity of problems that arise. Obviously, if a family or a relationship is in difficulty, it has a highly negative impact on everybody, but in particular on the children and the person who is abused physically. I again apologise for being late but I refer to the responses about which the witnesses are talking. Ms Ryan mentioned a policy response from the United Kingdom which, from what she appears to have stated, may be deemed to be adequate there. What would be needed to put together the best solution or plan to meet the needs identified by SONAS? The witnesses might revert to the committee as I would not expect them to have it to hand. I applaud SONAS in respect of the work it is doing. I was a teacher for many years and I met many families who had serious problems. I know that when one can reach out to help somebody, as SONAS does, it is hugely important. As Ms Ryan said, when people make contact they are *in extremis*. There is no other support available to them and they have exhausted the family support and community network. These are the most traumatised and difficult cases, so I just want to acknowledge what SONAS does.

Ms Fiona Ryan: I thank members for their interest. SONAS alone worked with approximately 1,250 women and children last year. In a country where 80% of victims of domestic violence do not disclose their experiences to anyone, that gives an indication of the sheer scale of what we are dealing with. I appreciate that the committee is here to deal with housing and homelessness and not domestic violence, *per se*. In terms of its relevance to the committee's work, however, I reiterate that domestic violence is a leading contributory cause to families becoming homeless.

In terms of local authorities - an issue which the committee was discussing - the truth is that it varies. I have met some amazingly inspiring, far-thinking individuals in local authorities. We

have also engaged with others. We have had experiences whereby people were quite delineated - I am trying to be as diplomatic as possible-----

Deputy Eoin Ó Broin: Do not be.

Ms Fiona Ryan: -----in what they thought were their responsibilities.

Fundamentally, what we are talking about here is an equity issue. I realise this is Ireland, but it should not have to depend on the quality of personal relationships, who one knows or whether such and such a person has taken the time to gain an insight into this. There need to be protocols and standards. I would refer the committee to action 2.3 in the national domestic violence strategy which outlines key areas to work on. However, I think we need to go beyond this. We should get the guidelines and have the participatory engagement sessions we are talking about here. Let us get real about what we are discussing because this was two years ago. It is great if we get this, but right now we need an emergency response on the ground, including tiered, safe accommodation for women and children experiencing domestic violence who are entering homeless services.

Chairman: Does Dr. Holt wish to say anything to conclude?

Dr. Stephanie Holt: Echoing the point I made earlier, domestic violence is rarely the presenting issue to a range of professionals and that includes those who work in the area of local authority housing. It is usually buried way underneath a pile of other problems, including addiction and mental health issues. It takes a certain skill set and a certain understanding of the dynamics of domestic abuse to be brave enough to ask the questions. Part of it involves professionals being interested. It is also about their training, their awareness and their ability to work together. I am sure it is not the first time a committee such as this has heard that about professionals working together to share that skill set and an understanding of the dynamics involved. It goes back to a much earlier preventative point about when people are in danger of becoming homeless and the support they receive at that stage.

Ms Fiona Ryan: The work that we do is not just responsive and reacting to emergencies, although that is part of it. We also do significant prevention work. Domestic violence services are doing significant prevention work in the context of stopping women, children and families from entering homeless services by providing, with Tús and An Garda Síochána, those supports around domestic violence orders that allow families to stay safely in their homes. The committee needs to be aware of the preventative work that domestic violence services do, as well as the emergency response.

At present, An Garda Síochána is looking at a standardised risk assessment tool for victims of domestic violence. In the UK it is called the domestic abuse, stalking and harassment and honour-based violence risk assessment tool or DASH. It is used by both NGOs and British police forces. SONAS would use DASH, which is a way of assessing how much someone is at risk. I cannot see any reason why, once we have that standardised tool, there cannot be co-operation in the future between housing authorities and An Garda Síochána - as well as multi-agency work to provide that safeguard and wraparound for women and children at high risk of domestic violence and homelessness - to find an appropriate accommodation response that will ensure their safety.

Chairman: That concludes this afternoon's session. I wish to thank Ms Ryan and Professor Holt very much for their submissions and for attending. I also thank them for their answers and

for their engagement with the committee.

While it is a specific area, the committee is concerned about the risk of homelessness. We talk about dealing with the crisis but the first step is to prevent people from becoming homeless. This comes across in several areas. In that regard, this presentation falls specifically into the area of the risk of people becoming homeless.

That concludes the business for today. The next meeting of the committee will be at 10.30 a.m. on Thursday, 2 June. For those members travelling tomorrow, we will be meeting at 1.20 p.m.

Deputy Eoin Ó Broin: Will the Chairman outline the schedule for Thursday?

Chairman: In the morning, we have the Minister for the Environment, Community and Local Government, Deputy Simon Coveney. In the afternoon, we have departmental officials responsible for housing, planning and local government, the County and City Management Association and Fingal and Dún Laoghaire-Rathdown County Councils.

Deputy Ruth Coppinger: Is that all in the morning?

Chairman: No, that is the afternoon.

Deputy Fergus O'Dowd: It is enough.

Deputy Eoin Ó Broin: Are we meeting with the County and City Management Association for a second time?

Chairman: Yes, as well as Fingal and Dún Laoghaire-Rathdown County Councils.

Deputy Eoin Ó Broin: This will be all in the one session.

Chairman: It will probably be in the one session because we will want the perspective from the different local authorities on several issues, particularly on landbanks.

Deputy Ruth Coppinger: We have had only one Dublin local authority attending, however.

Deputy Eoin Ó Broin: We had South Dublin County Council and Dublin City Council before.

Deputy Ruth Coppinger: Sorry, we have had those two.

Chairman: We are now adjourned.

The committee adjourned at 5.17 p.m. until 10.30 a.m. on Thursday, 2 June 2016.