

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, PLEANÁIL, POBAL AGUS RIALTAS ÁITIÚIL

JOINT COMMITTEE ON HOUSING, PLANNING, COMMUNITY AND LOCAL GOVERNMENT

Dé Céadaoin, 1 Feabhra 2017

Wednesday, 1 February 2017

The Joint Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Pat Casey,	Senator Victor Boyhan,
Deputy Ruth Coppinger,	Senator Jennifer Murnane O'Connor,
Deputy Mattie McGrath,	Senator Grace O'Sullivan.
Deputy Eoin Ó Broin,	
Deputy Fergus O'Dowd,	

In attendance: Deputy Dessie Ellis.

DEPUTY MARIA BAILEY IN THE CHAIR.

Business of Joint Committee

Chairman: At the request of the broadcasting and recording services, members are asked to ensure that for the duration of the meeting their mobile phones are turned off completely or switched to airplane, safe or flight mode, depending on the device used. It is not sufficient for them to leave their phones in silent mode as this maintains the level of interference with the broadcasting system.

Apologies have been received from Senator Paudie Coffey.

The joint committee went into private session at 9.35 a.m. and resumed in public session at 9.45 a.m.

Derelict Sites and Underused Spaces: Discussion

Chairman: We are here to address the issue of vacant derelict sites and underused spaces. I remind members that there will be two one-hour sessions. I welcome to the first session Dr. Lorcan Sirr, Ms Orla Hegarty and Mr. Mel Reynolds from the Dublin Institute of Technology. I also welcome Mr. Pat Doyle, Mr. Francis Doherty and Mr. Brian Friel from the Peter McVerry Trust. The joint committee is pleased to have the opportunity to engage with the various stakeholders on this important issue.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable. The opening statements submitted to the committee will be published on its 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 Houses or an official, either by name or in such a way as to make him or her identifiable.

I invite Dr. Sirr to make his presentation.

Dr. Lorcan Sirr: I thank the joint committee for the invitation to attend. I will briefly go through the main points of the submission, but before doing so I will introduce my colleagues. Ms Orla Hegarty is a lecturer in UCD on architecture. Her expertise is in the construction industry and its regulatory environment. Mr. Mel Reynolds is an architect. He is self-employed and works in private practice. His expertise is in property development, building regulations and standards, all of which are pertinent to the issue we are here to discuss.

I will outline briefly why this issue is very important. I will also outline the obstacles in resolving the difficulties, as we perceive them, and some possible solutions, which is probably the most important aspect.

To put the matter in context, out of over 198,000 houses, there are probably 98,000 vacant, which is too many in a total housing stock of 2.022 million units. Contrary to popular belief, not all of these units are in what we might call the wrong places, in other words, places where people do not want to live or where there is no employment. There is a lot of vacant land, as well as many underused spaces and vacant houses, in areas in which there is a high demand for housing and places in which there are employment opportunities. It will be interesting to see the vacant sites register. It is our understanding a lot of vacant land in Dublin city is owned by Dublin City Council. To me, it is an issue if the State is one of the main owners of underused land and property. We need more productive use to be made of existing housing stock and land, or what we call “low hanging fruit”. That is one of the things we could do immediately to break the current impasse in housing supply.

Why is resolving the issue of vacant derelict sites and underused spaces so important? First, the numbers are very high. One would expect the rate of vacant housing to be between 4% and 5% of the housing stock every year owing to the number houses of being sold, subject to probate or the fact that people are just not living in them. In Ireland there is a vacancy rate of nearly 10%, a surprisingly high percentage.

Dublin City Council has identified more than 60 ha of derelict land in its bailiwick. Last December the *Dublin Inquirer* newspaper carried out a survey of vacant sites, lands and buildings. It was only able to identify the owners of 179 properties, a high proportion of which, 88, were in the ownership of Dublin City Council. I was surprised by the result.

Good planning and sustainability are other good reasons to resolve the issue. We must use resources in a sustainable fashion. Therefore, the use of underused spaces, derelict sites and vacant housing should be maximised. The stock of vacant housing holds great potential as a tool to be used in regeneration, not just in urban areas but also in rural towns. This issue is on the agenda of the Government and politicians. For us, it is a no-brainer.

It is important to note that we are not building as many houses as we think we are. Many of the houses built will be three-bedroomed, semi-detached units and these will only meet a small proportion of housing demand. Changing demographics mean that there is a greater need for much smaller units and our existing stock can help plug that gap. Without actually having to build something, there are a lot of ways to use our existing underused spaces and houses to provide housing that is suitable for the broader spectrum of housing need we have compared to 30 or 40 years ago.

Another reason that this is so important is that we are not building half as many houses as we think. The Department of Housing, Planning, Community and Local Government is being a little economical with the *actualité* as about half of what it calls “housing completions” involves existing stock being counted as new housing. We did not build 12,666 new houses in 2015, we probably built approximately 7,000. Last year, we did not build 15,000 houses. It was probably just over 8,000. Existing stock that has come back on the market is being included. It is vacant properties owned by NAMA and ghost estates. If they are vacant for more than two years, they will require a new ESB connection, which is a measure the Department uses to measure new builds. That artificially inflates the house completion numbers. The problem is that Government policy and private sector investment decisions can be made on the basis of

these artificially inflated figures. Due to the fact that we are not building as many houses as we think, it is important to use what we have.

When the construction sector starts to take off, we will have a skills issue to confront. A lot of people have emigrated. In the Dublin Institute of Technology, we have closed down apprenticeship courses. We are not the only one and there will be a shortage of apprentices and skilled people in the industry when it gets back up and running. This will take years to address. House-building can stop in a matter of weeks, but it takes years for it to get back up and running again and involves a great deal of strategy and planning. In the meantime, what does one do? Not everybody can park in the rental sector.

Obstacles to reusing and maximising the use of vacant housing, derelict sites and underused spaces include identifying owners. It is a particular issue in the context of land. The CSO has this problem also. It is very difficult to manage properties when we cannot even find out who owns them. Raising finance is a bit of an issue for those who own land and we have to acknowledge that. Not everyone who is sitting on land is doing so out of avarice or a desire to see the value inflate. Sometimes, they just cannot get finance to develop it.

There is a lack of any meaningful incentive to develop and to move land onto the market. John McCartney, the director of research in Savills, has shown that if house prices rise by 10%, the value of the underlying land rises by 35%. Where is the incentive there to shift one's land onto the market or to develop it? Land hoarding could also be an issue, as such. Conscious that I am in Leinster House saying this, I perceive a lack of political will to do something about this matter. The first-time buyers' grant and things like that put everything onto building rather than reusing our own stock. If one talks to the market, the expectation is that the way to make a profit is to flip land. It is land transactions as the value of land increases. Why would one bother to develop anything when one can make good money by simply selling the land on, with the planning permission attached, at a higher price? All the change in standards to reduce apartment sizes did was increase the value of land without any meaningful increase in new apartments.

There is a huge issue with the regulatory costs associated with converting underused spaces into productive use. We use the example of a 35 sq. m. upper floor of a commercial unit in outer Dublin where it would cost €10,000 to €12,000 in regulatory fees and costs alone to start to convert it. That is prohibitive for anybody. One thinks of a small newsagent with potential to develop upstairs. To find €10,000 to €12,000 to start doing that without any guarantee of securing permission is prohibitive. Then one has the regulatory process. We highlight in our written submission the three approvals from planning, fire and disability access, four statutory appointments, all on different timescales, submission requirements and fees. If one fails one, one fails them all. It is a convoluted and cumbersome process which could easily be streamlined to help those who have underused spaces get back into the game and maximise use. The most important thing is identifying solutions to the problems. We are probably very well aware of some of the problems but the regulatory one has probably gone under the radar. I hear very few people talking about the problems of regulation.

I will not go through the whole table on vacant housing. We have outlined it there. We have a huge problem with collecting accurate data in the same way that we have a huge problem outlining the number of houses we are building every year. We are not the only country with that problem. The CSO methodology is what we call "horizontal". It looks at the ground floor of every unit but not vertically where there is a great deal of available space which does not get counted in the census. That is not a criticism of the CSO, it is simply a methodological issue. Discovering ownership of properties is a problem as is accuracy and transparency in the

data. Dublin City Council estimates its vacancy rates at less than 1%, but if one uses a different methodology, the vacancy rate rises to nearly 7%. We have issues around that. The fair deal scheme currently offers no incentive to rent out properties. We see a rent-a-room allowance of up to €14,000 tax-free for people in the fair deal scheme. There are also taxation solutions of a carrot-and-stick nature that could be used, in particular around annually incrementing property tax. Also, the commercial rates rebate it is possible to get from local authorities does not actually act as an incentive to redevelop properties.

We suggest reform of the regulatory process to make it easier and more cost-efficient for those who own commercial property to convert it to residential use alongside a full rates rebate for a couple of years increasing incrementally as we go along. There are huge issues with the vacant sites levy. Below half a hectare, there is no tax. Half a hectare would accommodate 14 or 15 houses. That should be brought down to 0.05 of a hectare. Most of the sites one sees if one walks along the Luas line in Dublin are far smaller than half a hectare and are therefore exempt. One would fit a lot of housing on them, however. The 3% tax, as we call it, is derisory. It is not going to impact on anybody who owns land. There are a lot of exemptions in the vacant site levy that should be removed and it should be applied until the building is occupied. If a refund is required thereafter, that is fine but it would prevent people getting planning permission in order to obtain an exemption from the levy.

Bank financing is an obvious issue. Mezzanine finance is very expensive. There is potential in the structural investment fund to consider establishing a State-backed fund aimed at vacant building refurbishments. That would not be that hard to do. There are also issues around construction costs and viability. One can pick up property very cheaply in places like Longford and regional towns that could well be used for this, but the construction costs make it prohibitive. On underused spaces and the rates rebate, perhaps there could be a zero rate for a couple of years and then annual increments until it becomes perhaps not punitive but in the owner's interest to better use upper floors in commercial buildings.

The regulatory burden needs to be examined. It is the Achilles heel in all of this. The amount of money people who own property and land have to expend just to get permission and the time it takes are significant problems. There is no guidance and information for owners on how to do any of this, which is a serious impact. One cannot expect a grocer or a butcher to understand this. It is difficult enough for professionals in the industry to understand how this works never mind having an ordinary businessman trying to get his head around building regulations, costs, fees, disability certificates, fire and planning. The Building Control (Amendment) Regulations 2014 require absolute compliance before a building can be occupied. That precludes people from doing what has traditionally been done, which is that people move into a building and, as they get more money, they finish it out. They can improve the building incrementally as they go along, which is important. There are many flaws in the regulation system, but that is a considerable barrier to what we call "staggered usage".

The final problem is one about which I have been banging on for quite a while. We now have what the Minister called "mandatory guidelines". Instead of a ministerial guideline, mandatory guidelines were issued. There is a centralisation of planning functions towards the Department and away from local authorities. That means planners in local authorities do not have the flexibility needed to negotiate properly with people coming in with ideas to convert their upper floors or use their spaces better. It was a very backward step to start to centralise a lot of planning functions within the Department and to take the power away from those who know the situation on the ground in the local authorities regarding the maximum use of space.

Mr. Pat Doyle: I thank the committee for inviting representatives from the Peter McVerry Trust to appear before it. We are delighted to be here. I am joined by Mr. Francis Doherty, our head of communications, and Mr. Brian Friel, our national director of housing. The Peter McVerry Trust operates in all four local authorities in Dublin, as well as in Kildare, Limerick and, to a smaller extent, Laois. I will hand over to our director of housing who will read the statement.

Mr. Brian Friel: On World Homeless Day on 10 October 2014, Peter McVerry Trust called for action on empty buildings in private ownership. As part of our call, we sought an immediate audit of our built environment to determine accurately the number of empty residential and commercial spaces, assess the condition of these units, establish ownership and understand why spaces remained empty or underused.

Peter McVerry Trust launched that campaign with a strategic focus on buildings in private ownership. This is an important point to stress because the figures clearly showed that even if every empty local authority house was brought back into use, it would only meet a small proportion of the social housing and homeless need. We also felt it was critical to move to tackle vacant buildings, derelict sites and underused spaces as a means of rapidly securing additional housing supply to counter the growing housing and homeless emergency.

In May 2016, when the Housing Agency and Peter McVerry Trust presented to the then Committee on Housing and Homelessness, both organisations raised the potential of vacant housing stock in private ownership. The 2016 census has given us an updated but incomplete picture. Census information shows that approximately 198,000 residential units, excluding holiday homes, are vacant across the State. While many of these units are located in rural counties and in small towns and villages, it must be stressed that there are almost 50,000 empty residential units in our cities. That equates to 13 empty homes to every one homeless adult in our cities.

It is also important to stress that the CSO figures do not include derelict sites or underused spaces such as those above commercial premises. Dublin City Council believes that by tackling spaces above commercial premises, 4,000 units of accommodation could be generated.

In this presentation Peter McVerry Trust has set out what we believe to be a framework to realise the unused and underused spaces in our built environment for the purposes of residential accommodation. The committee should note many buildings and spaces could also be used for other badly needed community resources and services.

We require a partnership approach and a balanced combination of incentives and sanctions to achieve the desired outcomes of greater availability of residential accommodation and more efficient use of our buildings and land.

Regarding political prioritisation and financial resources, we hope that policy-makers and legislators will recognise that investment in empty homes and other vacant buildings is the most cost-effective and sustainable way of realising new housing supply. To take advantage of the low-hanging fruit that these units represent, there must be strong political support from the Minister for Housing, Planning, Community and Local Government and his Department right down to local government management and public representatives. This must be coupled with the funding needed to tackle vacant units at scale beginning as quickly as possible.

We need a real-time database on housing and other buildings. One of the biggest challenges

the State faces in tackling vacancy rates is that there is no real-time data to ascertain how many empty units there are, the conditions of the units, who owns them and the reason so many buildings remain vacant. The lack of accurate and detailed information clearly prohibits the development of fully evidence-based policy responses.

Peter McVerry Trust recommends the fast-track development of an holistic built environment monitoring and evaluation system that allows local authorities to track, analyse and better manage the built environment in their areas. This would begin with the collation of data on empty properties and derelict sites of all types and sizes. Local authorities should be directed to move to a more holistic, integrated and interventionist model of property management, one that delivers better social and economic outcomes, and stronger and more vibrant communities.

We need to overcome planning barriers. To ensure planning legislation and building control systems support upgrading vacant buildings and the conversion of commercial spaces to residential use, amendments to legislation and planning systems are necessary. To this end the planning and building control regulations should be amended, to create an on-the-spot approval and exemption for certain categories of upgrade or conversion.

Strong consideration should also be given to creating a panel of building control certifiers made up of private and public experts who could operate a fixed-charge, on-the-spot system. Such expert teams would need the power to take decisions and grant exemptions, where appropriate, to planning permission and building control. These changes would help speed up delivery, reduce costs and remove administrative barriers for building owners.

To drive action on the ground, local authorities must create and resource dedicated teams of empty homes officers. These officers would be charged with proactively reducing the number of vacant properties, engaging with the various stakeholders and offering a clear point of contact for property owners. They would also be responsible for creating local one-stop-shop platforms for advice and support.

There will be individuals in possession of vacant homes who need to sell and have no wish to oversee renovation works or people who continue to own what has become an unwanted burden. In these instances, the Government should create a matchmaker scheme whereby approved housing bodies or local authorities purchase vacant homes from owners to return them to use for social housing or affordable rental schemes.

It is important to recognise that Peter McVerry Trust, like other organisations, has successfully raised millions of euro for major renovation projects which have brought disused units back into the housing system at no cost to the State. This information is set out in the information note the trust has provided to the members of the committee today. A formal and State-backed matchmaker scheme could allow the work of approved housing bodies to be scaled up, thereby returning more units to the broader housing system at a faster rate.

If we are to push the required number of vacant units back into the housing system, the Government must move beyond incentives and bring balanced and effective sanctions into play. Sanctions must be included because not only will these address the tens of thousands of empty buildings in existence, but they send a clear message that will help prevent other buildings becoming vacant in the future. A vacant property tax on non-principal dwelling houses vacant for one year or more is extremely important. It would push owners of vacant buildings to act. It would prevent speculative investors from buying and leaving properties empty, and it would encourage developments which involve empty properties or buildings to move faster.

If funds raised from the tax were ring-fenced for the purposes of vacant home regeneration, local authorities would also have a significant revenue stream at their disposal. A vacant property tax exists in many jurisdictions and has recently been introduced in Vancouver which, like Dublin and other parts of Ireland, is experiencing a major housing crisis and spiralling accommodation prices, and yet has thousands of vacant properties in the urban environs.

For local authorities to take a more proactive role, they must increase the strategic use of compulsory purchase orders, CPOs. This measure must be used to acquire units which represent value, are of strategic importance and are located in areas with high housing need.

Peter McVerry Trust also favours the use of a compulsory leasing scheme, CLS, where ownership would not change but local authorities have the ability to take over the management of a property under certain strict criteria for the common good. The owner would receive rent minus the cost of upgrading and managing the building.

To date, there has been a reluctance to compulsorily purchase units of accommodation, but a stronger approach would, at the very least, push owners to act rather than having their properties purchased. Consideration should be given to an automatic CPO or CLS process for any unit empty for five years or more as a means to discourage and prevent people, who can afford to pay fines and taxes, from leaving properties vacant. This would protect communities from abandonment and dereliction.

Peter McVerry Trust believes that the threshold at which the vacant sites levy applies should be lowered. The current threshold means many viable sites go untaxed. Local authorities should also be directed to register all derelict sites and land parcels regardless of their size. This is to ensure we manage and use available resources in the best manner possible. Not all derelict sites and vacant plots will be best suited to residential needs, but may be suitable for community services and other resources.

It is difficult to quantify the exact residential potential that exists by converting empty commercial spaces into residential settings. The only publicly available statistic is that from Dublin City Council which estimates that 4,000 units could be generated. Peter McVerry Trust has converted underused spaces, including those above shop floors and commercial spaces, into residential accommodation for people in homelessness, and the organisation is progressing plans to deliver over the shop apartment developments in Dublin.

There is a clear need for a national co-ordination unit to manage responses to the issues of vacant homes, derelict sites and underused spaces. It would offer an important overarching view on the performance of local authorities and create a platform through which to share best practice. This unit would also provide technical expertise to acquire, renovate and put back into use vacant buildings.

We thank the Chairman and committee members for the invitation to present on this issue and urge the committee to engage with the Minister and his Department on the proposals and actions outlined.

Chairman: We will take a number of questions and then come back to the witnesses.

Deputy Fergus O'Dowd: I apologise but I must attend the funeral of one of my wife's relatives after this so I must leave early. I very much welcome the contribution from Dr. Sirr and his colleagues, as well as the Peter McVerry Trust. We need their strong and clear voices on these issues. I support practically everything that was said and I do not disagree with anything. I am

trying to think about how we can effect the change being called for, and it seems it will come by putting pressure on the Department of Housing, Planning, Community and Local Government and the relevant Ministers.

I presented a draft Bill to the Oireachtas on an empty homes tax and it was ruled out of order because only a Minister may introduce legislation imposing a financial penalty or incentive. Although I cannot present the Bill, I will articulate its aims at my party meeting next week. We all need to listen very carefully and articulate the views expressed by the witnesses. In Dublin, there are 36,000 empty homes, according to the last census. That is a huge number of empty homes. I support the comments of the witnesses that if such homes are vacant for one year or more and if they are not the principal private residence of the owner, there should be a penalty that would lead to them being put on the market. There are incentives. If the house is in bad repair, there can be support to refurbish it, and one can make deals with local authorities to lease such properties. There is no excuse in this crisis for any such home that is not a principal private residence not being taxed. In my Bill, I proposed a rate that would have a double rate of property tax for the first year, triple the tax for the third year and so on. We must take very hard decisions. It is a disgrace to allow a position where a home could lie empty if it has the capacity to house a family. I feel very strongly about that.

I have looked at what they have done in Britain. The UK has approximately 350 local authorities, with approximately 260 having used the empty home tax. The penalty is 1.5 times the property tax if it is empty after a year. We cannot just leave this untouched. The witnesses argue that such action would effect immediate change and it is cheaper to get these houses as they are there already. The services already exist so this is a no-brainer.

I also support the comments of the witnesses regarding empty commercial properties. The Apollo House occupation made me consider how many vacant or derelict commercial premises are in my area. It is a large number and we should use them for habitation. In the UK they have some very good programmes. I note from the Peter McVerry Trust contribution that it is possible to take over properties that would never again be used for commercial purposes, restore them and turn them into habitable dwellings or apartments. Again, it is a no-brainer. The Apollo House occupation has demonstrated that it is a way forward with a legal process and fast-tracking the planning. There is no reason it should require a change of use application, provided the parties meet basic fire and other requirements, in order to have a commercial property change to domestic occupancy. That would come with common sense and the support of local authorities.

I keep making the point but it is telling. The vast majority of local authorities failed in their duty of care with the houses offered to them by NAMA. They were offered 7,000 homes but they took 2,500, which is scandalous. Even in the city of Dublin, there were enough properties offered so that every family in a hostel or hotel tonight could be in an apartment or home. That is not the case. We need greater pressure on local authorities. I feel very strongly about this, as do my constituents and people around the country. I welcome the continued involvement of the witnesses.

When we finish today it is not about walking away, leaving it all here at the committee with the issues on paper in nice print. We must act. I welcome and acknowledge the help of the Oireachtas library service in researching the matters. Our committee could commission a proper report on these and other matters that people might give us for action rather than discussion. We must identify the nuts and bolts of the actions we need to take. I suggest it would be useful for us to do that as a committee. We have the funds to do it and it would be a direct follow-up

to what we hear from the public and the witnesses before us today.

Senator Victor Boyhan: I thank Dr. Sirr and Mr. Friel for their excellent presentations. They overlapped and said very similar things. I thank the witnesses for submitting the presentations in advance, which I read, as that was very helpful and important. To stay focused, we are dealing with vacant housing, derelict sites and unused spaces. My colleague to my right is correct. There are 31 local authorities in this country and they have statutory obligations. They are also the housing and planning authorities, with a wide range of functions. Where we are today is an indictment of the local authority system.

The local government auditing services are carried out by the Department of Housing, Planning, Community and Local Government. That is a problem for another day as, frankly, local government should not be audited by its parent Department. I took a random look yesterday at a number of the local government audit reports for 2015, which are the most recent examples on-line and which one can inspect. Clearly, the local government auditors for a number of local authorities, including that of which I was a member, Dún Laoghaire-Rathdown, singled out for criticism local authorities that had not complied with the obligation to keep a computerised record of properties within their ownership. I am not talking about the private sector but rather within the ownership of the local authority. The response from the chief executive, which is always requested in the case of comments that are good, bad or indifferent from a local government auditor, is there was a lack of resources to carry out the work. That has been going on for years and it is something we should bring to the Minister's attention at some point. Maybe the local authorities should not have this responsibility and if they are not capable of doing it, someone else should do it. We are talking about public assets and property. The local authorities are the guardians of these. The witnesses shared a shocking statistic today about Dublin City Council and the amount of space that is empty. Serious questions must be asked about it. Perhaps at some other stage we should bring in the chief executives of local authorities in order to ask those questions.

In Dr. Sirr's presentation he mentions land hoarding and the lack of meaningful measures to counteract vacant sites. I know he has gone into this. I am really interested in solutions and I know he is too. In his submission he also argues that Government policy is geared towards inflating the price of houses on which the viability of NAMA's residential portfolio depends. That is a very profound statement with which I do not necessarily disagree. Will Dr. Sirr tease that out and give some substance to that argument?

The witness made a very good case with regard to the fair deal scheme and it is something that should be pursued. In my part of the world and all over there are many empty houses because people have gone into nursing homes having availed of the fair deal. These are solid houses with three and four bedrooms but the families are not renting them out because of taxation issues. The witness made the valid point that a person may rent a room in a house for €14,000 without paying any tax. Perhaps there should be a threshold or cap so such houses could be rented if they meet standards and are safe. Renting rooms in this way is a good and positive suggestion. In particular parts of Dublin city and county, it is a real problem so this is worth discussing.

Mr. Friel spoke on behalf of the Peter McVerry Trust. He made some good points on a vacant property tax, with which I fully agree. He also made a valid point on compulsory purchase orders. Local authorities argue that they do not have sufficient funds to proceed with compulsory purchase orders for derelict properties and buildings that are falling down. People have a right to private property and taking private property creates problems. Valuations are also

an issue. The Government must establish a fund for compulsory purchase because many local authorities do not have sufficient funds to make such purchases. Officials from a number of local authorities have informed me that they will not proceed with compulsory purchase orders because they will not waste money, resources, staff and legal expertise on them. This problem needs to be addressed.

My colleague, Deputy Fergus O'Dowd, asked how the committee could be productive rather than sitting in this room talking into a jar. It was suggested a report on our deliberations today be used to feed into the national vacant housing reuse strategy which is part of the Rebuilding Ireland programme. The various papers and our deliberations should be summarised in a report for submission to the Minister and incorporation into the national vacant housing reuse strategy. The Minister intends to deliver the strategy in the first quarter of the year and it is now February. I thank the delegates for their contributions.

Deputy Eoin Ó Broin: I thank the delegates for their presentations. A number of them have been prominent in keeping the issue of vacant properties and sites in the public arena and I urge them to continue to do so because it will add to the pressure many members are trying to put on the Government to have this issue resolved. All of us are greatly frustrated that thus far, of the five pillars of Rebuilding Ireland, the one that could be delivered quickest has received the least investment. In this respect, the Government's response is the wrong way around. If the Minister was here, he would defend Rebuilding Ireland and point out that three initiatives had been included in the programme to try to deal with vacant properties. They are the allocation of €70 million to the Housing Agency to deliver 1,600 units over three years, the provision of €6 million in funding for a repair and lease scheme being piloted in counties Carlow and Kilkenny and changes to the living city initiative. I am interested in hearing the delegates' views on the detail of these schemes and whether the funding provided is sufficient. Clearly, these are three areas in which Government action is under way and it would be very helpful if we could push for greater outcomes from them.

The Housing Agency is producing an overall plan to tackle the issue of vacant properties. I am sure Mr. John O'Connor, with whom we will speak afterwards, is furiously writing notes in the Visitors Gallery. The delegates provided a menu of policy options and while they would clearly like all of them to be implemented, I ask them to outline what their key priorities would be and what headline items would really make a difference. We know from the good research the Housing Agency has carried out that it is equally concerned to achieve progress in this area.

A third issue which was not discussed is cost. Not only is use of vacant properties the quickest way to increase stock, but they are also cheaper than new builds. The Minister issued a press release on Friday on some of the new rapid build projects in south County Dublin, specifically in Tallaght and Clondalkin. The figures he has provided show a three bedroom rapid build unit will cost €245,000. Sinn Féin will not oppose the provision of rapid build houses, provided they are well built and provide good quality homes. However, according to the Department, the average cost of a standard council house is €180,000. How much would it cost per unit to bring voids back into use? I am particularly interested in hearing from the Peter McVerry Trust about its experience of bringing voids back into use. What are the costs involved in doing so? This information will clearly strengthen the argument for taking action.

On a vacant property tax, what is the rationale for the timeframe of 12 months? Do the delegates have examples of vacant property taxes in operation elsewhere? Are they similar to what has been proposed here?

I am also interested in the idea of a register. What is the most effective way to establish one? Should it be a statutory requirement that property owners register their properties and should penalties apply to those who fail to do so?

Mr. Reynolds has raised the issue of completions on numerous occasions and Dr. Sirr wrote about them recently. The Department is working on a building control Bill and we expect to see the heads of the Bill soon. Would this legislation be an appropriate place in which to insert a statutory requirement that local authorities collate accurate statistics for inclusion in a house completions register? If not, where should such a requirement be placed?

Unfortunately, Deputy Fergus O'Dowd has left the meeting because every time he refers to the National Asset Management Agency and local authorities, someone has to step in to defend the local authorities. Local authorities can only do what the Department allows them to do. It is important to note that while some of them turned down good properties linked with NAMA, they often did so either because they were not given funding by the Department or for other reasons. It is important, therefore, that we consider the culpability of the Department in the matter. This is not a question, but I make the point because it is important to do so. The reason I do so is that one of the issues that will arise when we meet representatives of the Housing Agency is that of the properties banks are offering for purchase to the State. These properties are not for sale on the open market. If we are to learn the lessons from the lack of take-up of NAMA linked properties, we have to apply them to properties now available, namely, those being offered by the banks.

Dr. Lorcan Sirr: Should I address the questions in the order in which they were asked?

Chairman: Yes.

Dr. Lorcan Sirr: Senator Victor Boyhan asked me a question about inflating land prices being Government policy. I will give three examples of this practice. About 18 months ago the Minister for Finance, Deputy Michael Noonan, stated prices needed to rise a little more. My take on that statement is that it reflects on the viability of selling off banks. In terms of NAMA, at the launch of pillar 3 or 4 of the strategy in the Green Isle Hotel, Mr. John Collison, the head of the agency's residential portfolio, stated the viability of the agency's residential portfolio depended on rising house prices. I was in the room and Mr. Collison's statement surprised me. Pennies begin to drop, however, as one realises measures such as the first-time buyers' grant will do nothing but increase prices.

Chairman: I ask Dr. Sirr to be careful. We are dealing with derelict sites and units and it would be unfair to cross over into other schemes such as the help-to-buy scheme in the context of value and inflating or not inflating prices. As we all know, there are many pieces to this jigsaw which must fit together if Rebuilding Ireland is to work. We are dealing with one piece of the jigsaw today. I do not want to get into the issue of massaging figures. The help-to-buy scheme relates only to new builds; therefore, it is not inflating prices and a differential applies, for example, to properties costing €400,000 and €500,000. I do not want to get into that aspect. We are dealing with derelict sites and vacant units.

Deputy Eoin Ó Broin: This is directly related to the issue of vacant sites. I appreciate the Chairman's desire to defend Government policy, but the meeting is to hear-----

Chairman: I am not defending Government policy.

Deputy Eoin Ó Broin: You are defending it.

Chairman: If the Deputy lets me finish, officials from the Department are not here to respond to remarks made, whether about massaging figures or whether there are 15,000 new builds. I am simply asking Dr. Sirr to be careful in making remarks of that nature because officials from the Department are not here to defend it.

Senator Victor Boyhan: With respect, I asked the question, which was on an issue that had been raised in the submission. We are asking Dr. Sirr to tease out the rationale for the argument he made, which is not to say we are for or against it. It is not possible for the Department to be represented at every meeting. By their very nature, these meetings involve an engagement. I am not agreeing or disagreeing with Dr. Sirr but asking him to tease out the rationale for the profound statement made in his submission.

Chairman: I have no problem with that, but I ask everyone present to stick to the topic we are supposed to discuss. While speakers will digress, we should try to stick to the topic as much as possible.

Mr. Mel Reynolds: In development terms, the sales price of a unit is critical in establishing the value of land. Any measures introduced, whether by the Department or anyone else, that increase the sale price of new housing by virtue of the normal equation used for development appraisals, increase site values. In terms of interpreting the market and interpreting policy and recent changes, both in the private and public sector, most of the measures I can think of from the development side have increased the value of sites. That is contributing towards what many of us believe to be land hoarding and site flipping. That is what we referred to in our submission, and Savills did it last year.

The basis of its statement was in an eight-page PDF document recommending people to buy shares in REITs. It is a commercial strategy at the moment and for us to accurately interpret the market we must look critically at measures that procyclically inflate new build prices, irrespective of the source. When the sale price of a new dwelling is increased by 10%, the site value increases by 35%. The windfall profits in the private sector as a result of policies that inflate sale prices are extraordinary. In terms of large-scale land holdings of €200 million and €300 million, if the Government or anybody else brings in a policy that increases the sale price of a unit by 10%, that portfolio will increase by €100 million. The people or the company that owns the land do not have to build anything. They just have to wait for things to get worse and these policies to be introduced. That is definitely a factor we are seeing currently in the private sector.

Chairman: I thank Mr. Reynolds.

Dr. Lorcan Sirr: Deputy O'Dowd has left but I will answer Deputy Ó Broin's questions, one or two of which I will pass to my colleagues. In terms of the lack of money in local authorities, not all the solutions involve money. It is not always about money, particularly in areas around the regulatory framework; that is about reducing costs. Some of the solutions to this are cost neutral and a more efficient use of what might be local authority resources.

The key priority for me would probably be guidance and information, and a one-stop-shop for people who want to do something about this issue. That is critical. My colleagues might have a different priority.

I will come back to one or two of the other questions. One of the reasons local authorities have refused so many NAMA units is the build quality. They are of poor quality and the local authorities would have to spend much money to rectify the build quality. They saw that this

would be a never-ending issue and decided it is not worth their while taking on the properties. The reason they would do that is perfectly understandable. My colleagues, Ms Hegarty and Mr. Reynolds, might like to comment on the cost of housing or how we would create a register of ownership.

Ms Orla Hegarty: I might take up two points, one of which was to do with a register of completions on new build. We have a register, which came in under the building control (amendment) regulations, BCAR, but it is not available in a very readable format. We have a register that captures most new build with the exception of one-off housing, which was exempted in 2015. Some corrections to that probably could be done relatively quickly under regulation to capture all new builds. That would give accurate data and would be location specific.

On the second point about regulation and change possibly being cost neutral, it would be more efficient on the local authority side in terms of resources and also on the owner's side in terms of the outlay to make a unit viable or to bring space, be it commercial or residential conversions, back into use. Again, that could be done under regulation without the need for primary legislation.

Mr. Mel Reynolds: I will come in briefly on the issue of cost. Deputy Ó Broin mentioned €245,000 for a new rapid build unit. That excludes the site cost. We know that the site cost on the Drimnagh site in particular is €120,000 per site so the overall cost to the State of a rapid build unit there will be more than €360,000. If one gets onto *daft.ie* one will see perfectly habitable houses for about €220,000. A broader question arises as to whether a cost-benefit analysis has been done on any of these schemes. They certainly seem to be 25% to 30% more expensive than standard local authority homes at €180,000, a figure confirmed by the Minister, Deputy Coveney.

In terms of the cost for refurbishments, the Peter McVerry Trust has direct experience of that. Accounts that I have seen in a number of local authorities indicate that the cost for very heavy void refurbishments of State-owned stock is €30,000 or €40,000. In the private sector, as a rough rule of thumb, the hard cost of a building up to roof level, including the structure, windows, walls and foundations, is approximately half that. The remaining cost of, say, new kitchens, new bathrooms, redecoration, etc. would be about half that also. The Society of Chartered Surveyors Ireland's hard cost for a three-bedroom house is approximately €150,000. Approximately €70,000, excluding VAT, would be an extensive refurbishment cost for a house that was completely wrecked inside. That would be the cost for all the bits and pieces. That would be a good rule of thumb to start with, and that is for a 100 sq. m three bedroom property. It would be less for a two-bedroom property. It might be slightly more expensive if two properties were being knocked into one and if some structural work was being done.

Many apartment developments are earmarked for regeneration that have been vacant for years. It might be half the cost to do a good deal of work to them. We would be looking at a build cost of, say, €240,000 for a rapid build. One could do four, five or even up to nine void refurbishments that needed work for the same price as one rapid build, and those could be brought on very quickly. There would be no delays in terms of planning. They are already in place, and all the services are in place also. As the Peter McVerry Trust and others have pointed out, it is a no-brainer to do it and it should be done.

The Deputy mentioned the register of completions. As my colleague, Ms Hegarty, pointed out, we have a register under the building control management system, BCMS, although it is not published in a readable format. The disparity between the official completions data and

what we are actually building is significant, at over 40%. For example, if we examine more accurate indicators we see that we completed fewer than 7,500 new homes last year as opposed to 14,500 previously. There are approximately 11 indicators of new build activity. The Department and the Government always seem to concentrate on the indicators that over-inflate that figure massively and, unfortunately, what are termed completions by the Department are meter connections to ESB Networks. That is not a criticism of ESB Networks. It is excellent to deal with, as is the Central Statistics Office, CSO. They are very helpful when questions are put to them. ESB Networks requires any unit that has been vacant for two years or longer to be reconnected to the grid. The old meter number is cancelled and the unit is allocated a new meter number. The significance of that is that upwards of 14,000 NAMA vacant units have been reconnected to the grid in the past five years; we know it is possibly more than that. At one point, 69,000 ghost estate units needed some form of finishing out in 3,000 estates also. These numbers are enormous. To give members an indication of it, the five-year total completions figure the Department claims were done between 2011 and 2015 is 50,951. Using more accurate indicators such as stamp duty transactions, new build and once-off commencements, the actual number of new builds is less than 30,000. Ironically, NAMA has been propping up the housing sector for the past five years by virtue of these vacant units gradually coming back into stock.

It also means that the capacity of the new build sector is much lower than we are led to believe. Last year, we completed 7,500 new homes within, say, an 18-month period. That is an increase of 22% on the year before that, which was 5,827. It is a 22% increase but the number is still very low. For the industry to grow safely and without the same quality problems we experienced at the end of the boom, when we were building a massive amount of housing very poorly, we need to grow the new build sector slowly. New standards are coming in. There is a skills shortage. There are no apprenticeship programmes so the 100,000 vacant units Dr. Sirm mentioned are the buffer we need for the next five years to grow the sector. We have stood back and allowed the sector to fall apart and wither. If we doubled output this year, we would be at 15,000 units, which is still much lower than where we need to be.

Longford was given as an example. If it is going to cost €10,000 or €12,000 just to obtain permissions and five months to sanction the change of use of an upper floor, and if one must then spend €20,000 or €30,000 to do up the unit, one must realise one can buy a ten-year-old two-bedroom unit in Longford for €42,000, as can be seen on www.daft.ie. The system is just not working at present. We need to reduce the costs and timescales involved in bringing vacant units back into circulation. We also need to be more honest about the figures and use them to inform policy. Quite simply, if we assume we are currently building 14,000 to 15,000 new homes per year, we are absolutely wrong. We are building approximately 40% to 45% fewer. With the skills shortages and the problems we have with new homes delivery, the effectiveness of policy to date has to be questioned. One must ask why we are concentrating on such a small part of the market. To put it in context, there were only about 1,000 first-time buyers of new homes last year. The total number of new homes built and sold last year, based on ten months of data, is estimated to be 3,434. That is all. Fingal County Council has 12,000 on its housing list. The numbers simply do not work; yet there are 98,000 vacant units, many of which are State owned, sitting there. They could be refurbished at a very low cost.

With regard to privately-owned stock, the simplification of the regulations could be achieved with three statutory instruments tomorrow. Primary legislation is not needed, nor is it necessary to produce another report. I started looking through Housing 2020 and lost the will to live after page 30. That is a 72-page report. It was like reading Rebuilding Ireland again. It uses all the same terminology. All the targets have been missed. For a practitioner and non-politician, or

somebody not involved in this arena, it should be noted that Housing 2020 was launched in May 2014. It allocated €3.2 billion for social housing. The target is to have 25,000 social houses by 2020. In 2015, we built 64 local authority houses. In 2016, we built 117. Plans, reports and strategic targets are absolutely meaningless unless there is some sort of follow-through. This can be done very quickly. These three statutory instruments could free up an awful lot of privately-owned stock. If local authorities and the Department are playing pass the parcel regarding who did this, who said that, and who got funding, we could have 9,000 on the homeless list before the end of this year. We need to get moving on this really quickly.

Chairman: I am conscious of time. Mr. Doyle also wants to contribute.

Mr. Mel Reynolds referred to the period 2011 to 2015. We did not have a construction industry that was viable back then. To be fair, we have years of catching up to do in that regard.

Deputy Ruth Coppinger: May I make a point of order? It is unfortunate that NAMA is being debated in the Dáil when we are having a meeting of the housing committee on a matter so important. It is not that I am not interested but I am trying to prepare to speak in the Dáil shortly. Can we try to ensure these clashes do not happen again? I know it is difficult. The subject of NAMA is very much related to what we are discussing now. I will have to leave.

Chairman: The witnesses should be aware that the Dáil does not normally sit while committee meetings are taking place. Today is unusual. As the proceedings in the Dáil do not normally commence until 12 noon, usually we do not have clashes. To be fair, we could not have foreseen the clash.

Mr. Pat Doyle: I have just a couple of comments. We have always said the homeless and housing crisis is complex and so every and any instrument should be investigated to alleviate the pressure on homeless people, particularly families in hotels. Rapid build was mentioned, as were the various associated prices. The trust has been a supporter of rapid build. Even with the prices being far higher than once expected, the whole idea of rapid building is to have housing constructed rapidly now to get people out of hotels now.

We were to the fore in bringing local authority voids into use, particularly in 2015 and early 2016. That initiative is now almost exhausted. The number of voids has decreased significantly so it is only right and proper that we now consider the vacant properties in the private sector. We took two particular voids in the Dublin City Council area in partnership with the council and were delighted to do that. One contained 11 units in St. Agatha's and the other contained 17 units in Townsend Street. Those units were in such a bad state of repair that planning permission had to be sought. There were all sorts of consultations and procurement issues. The voided units in St. Agatha's, which we took on in 2015, will come into use in February this year. The process took a year and a half. In that context, even given the higher prices of rapid build, rapid build is important because it will get people out of hotels this year if the units are built this year. We welcome the rapid build initiative.

With regard to private stock, we gave some examples of some properties we have taken in. Some were taken on in partnership with the Housing Agency, the OPW and Dublin City Council. At the private end, we have a monastery in Kildare that we will bring back into use this year. We will turn it around in approximately five months and it will yield four family units and three single units or units for couples. This amounts to seven units for €350,000. The capital assistance scheme will fund it. The building was one from which one of the religious orders pulled out. We are currently doing a search of buildings owned by religious orders to ascertain

whether some of them can be brought back around.

The Deputy asked about pricing. We opened six units on Pim Street for about €124,000 in partnership with the Housing Agency and the local authority. Eight units were brought in for about €300,000. Vacant buildings can be brought around much more cheaply and quicker. There are still obstacles to which we need to pay attention, however. If the building has been unoccupied for over two years, there is a reconnection issue. We had seven units in another local authority area that we were trying to bring back into use. We had done the work on them and wanted them ready for Christmas. We only barely got them ready for Christmas based on the connection. The time for connections was very long. The work was greatly delayed, by about three months, based on the connection. We have had numerous cases of this. Although we can turn the units around in a couple of months, there are issues over fire safety and disability access. We need more support and co-ordination in this regard.

With regard to the monastery, the commencement order was delayed for six weeks. It was partly attributable to our not having learned how to fill it in. Rather than picking up the telephone to point out an error in the way an order is filled out online, some local authorities just state it is non-compliant and that a fresh application must be made. I acknowledge some do ring. Where a fresh application has to be made, it causes a delay of another two or three weeks. We could speed things up by having a little more co-ordination.

One of the deputy directors of Dublin City Council came out with us last night to look at two derelict basement units. We took them from a private landlord, asked for a long lease on them and stated the trust would refurbish them at no cost to the landlord. We welcome the scheme being introduced that will give landlords up to €40,000 per unit. We reckon we can bring the two units in question back into use for approximately €60,000. They will be ready in two weeks. We have a long-term lease on them. Their refurbishment regenerates the street. They looked to be in bad repair. The initiative offers more than just housing but the primary issue for us is the housing.

We welcome the schemes being introduced for vacant units. We would like to see the city of Dublin, for example, divided by a grid and the Irish Council for Social Housing having a part in asking the voluntary housing associations to take on a section of the grid and target the properties therein rather than competing with landlords and making multiple inquiries. The cities should be divided by grids, with each voluntary housing association taking on a particular area with the support of the local authority. That is something that I would like to see in that report. Let them off and they could then work with the local authority and the Housing Agency to get those units brought back in. That is all I really wanted to say in this regard.

As one must register for property tax, we should be registering vacant or disused sites as well even though there is no payment. People may be reluctant to do that because they think a payment may come but that is a form on which we could capture some of the derelict or vacant sites. While we are saying 12 months, Vancouver has said six months and one is hit with additional taxes after six months. We suggest the carrot-and-stick approach. If people are offered a scheme for a year, that allows the Housing Agency, participants in the voluntary sector and the local authorities to engage with the landlord for up to a year. Thereafter, if there is no engagement, maybe the tax can be brought in.

Chairman: I thank Mr. Doyle. While I acknowledge Dr. Sirr wishes to come in again, I will take the next round of questions. I call Deputy Casey.

Deputy Pat Casey: I thank both organisations for their presentations here this morning.

I want to focus mainly on the vacant properties. While it has been identified as one of the immediate solutions, my fear is we might move too fast on vacant properties, especially when we look outside the Dublin area at more rural towns. I am concerned that we might not plan for such conversions and would get the wrong type of conversions for over-the-shop accommodation or would get poor-quality accommodation. Equally, when one considers towns like these, no community infrastructure or facilities are in place to support town living any more. That needs to be brought along with converting these vacant properties. The public realm aspect of it is not there in the smaller towns around the country where there are significant, if not huge, vacant commercial properties. In my native county, one developer who sought to convert his commercial property into residential was refused because the plan for that town wanted to keep the streetscape commercial on the ground floor. However, there is no realistic future for that.

If we are looking at vacant properties, especially in the more rural towns, there is a need for local authorities to get actively involved in trying to create a plan for the town. It has to be a relatively quick plan that would identify key residential areas and areas that would suit continued commercial development. Along with that, we must bring that community infrastructure and that public realm with it as otherwise it will fail as an option to live in. That plan needs to be in place, especially if fast-tracking planning for conversions is being considered.

I agree the regulatory framework has got so complex at this stage that it needs an overhaul. Deputy Ó Broin is going to tackle this in the next few months. The self-regulation part of it needs to stop now and that needs to be brought back into local authority control. As somebody noted, a one-stop shop is needed within the local authority framework that deals with fire, disability, building control and compliance. At present, three different departments deal with three different compliance matters in Wicklow, which is madness. Moreover, it happens at different times. It needs to be one process under one organisation. I believe the local authority could be the vehicle to provide it. Self-regulation should be taken out of it and the assigned certifiers should be taken out of the equation because that is only a circle of ongoing lack of responsibility.

I mentioned skills and the skill shortage in one of my first committee meetings here. The skill shortage undoubtedly is already here. Is there a difference in the training for traditional build as opposed to rapid build technologies? Is it quicker to train somebody for rapid-build technologies where people will work within a controlled environment? Will they have a much more social aspect to their lives where it is controlled and they know where they are going each day between 9 a.m. and 5 p.m.? Is there a difference in the level of training within that?

On the carrot and the stick, Wicklow County Council tried to target the vacant commercial rate properties which were getting a 100% rebate. The problem was that it had to be given to everybody. One could not focus on the town streetscape, decide particular properties could be converted to residential use and state that unless they were converted, a charge of 50% of the commercial rate would be levied. If one wanted to do that, it had to apply to the whole county. We all know that, with the best will in the world, there are commercial properties that will never be converted no matter what is done. It is a complex area and is not simple. There may be some ways in which we can address that issue in the future as a committee.

I have one final point on NAMA properties that were offered to local authorities. I was brought to one site, which was a half-finished estate and one would have to be mad to even think of taking that on. Some misinformation is being given out as to the quality of sites that were

offered to local authorities in respect of suiting their needs.

Senator Jennifer Murnane O'Connor: While I agree completely with what Deputy Casey has said, I would be of the reverse mind on NAMA properties that were given to the local authorities. It is unacceptable that local authorities do not take some of these properties. I know of four or five houses in my native Carlow that could be taken back. This concerns the bigger picture on properties and sites that are either half-finished or are nearly finished but which have gone back into NAMA. They should be taken back because they bring so much anti-social behaviour to an area. It is unreal. I spent last week in two houses trying to get rubbish taken up. Carlow County Council spends more time, like other local authorities, taking rubbish out of houses that are derelict and that are causing anti-social behaviour. They are in an area where good-living people are fed up with having the hassle of having bought their house in an estate, whether a local authority estate or a private estate, and all they have is this anti-social behaviour and rubbish that is being littered.

I do not suggest that all houses will come back but when houses are given back, it is the duty of every local authority to take them back because it is unfair for everybody who is living in those areas. If one takes town centres, for example, Carlow is one of the new areas for the repair and lease scheme. I monitor this closely and while 22 people were interested in it, only eight qualified. Consequently, the scheme needs to be examined. As Deputy Casey asked, who is putting these plans in place such that when 22 people want to qualify for a scheme, they cannot? Eight people will qualify but the rest will not. When we put a scheme in place, we must make sure that the people that need to qualify for it do. I do not suggest there will not be more because the scheme has only just started and many people have only just become aware of it. I highlight it myself when I go to different places. I always tell people this is a pilot scheme which is for €40,000 and which entails a lease-back to local authorities. I think that in the long term, it could be a good initiative but it appears to have issues that must be considered.

I have major concerns. While I acknowledge and welcome the passing of the rapid build programme for Dublin, that does not affect rural counties like Carlow. We would love to have rapid build. I firmly believe there needs to be a focus on areas that are not focused on. I suppose everybody has something he or she believes to be unfair but I will repeat a point I have made previously. I was a councillor - like most members present - for 20 years and I find that in my local authority, a lot of people are falling between stools. They do not qualify to go on the local authority housing list because Carlow has the lowest income limit of €26,500, which is another issue. We have more people. One is talking about people buying houses. I welcome the new incentive of 20% on newly built houses. The reason people are not buying houses is because they are not getting mortgages. The Government needs to put a system in place where local authorities, and Carlow is the only one I can focus on, can give out mortgages. We have the lowest mortgage rates in local authorities all over Ireland because there is no promotion of them. They are not provided to the people who are getting refusals from the banks and building societies for mortgages. There are loads of people who would not be on the housing list but would love to go for a mortgage. The reason they are not getting it is that the banks and building societies are not giving it and the local authorities are not pushing mortgages.

The last time I brought this up, and I really have serious concerns about this, I was told we are not an agency for lending but we are. We are what we are, that is, we are the taxpayers. We handle the taxpayers' money. We have a duty of care to people who need housing. One of the duties of care is to people who cannot get on their local authority housing list and need to have a home. In the future, if nothing else happens, we need to look at giving mortgages to

those people who do not qualify to go on local authority housing lists. That is why we are in this position.

I wish to discuss properties in town centres. Discovering who owns them, be it NAMA or whoever, in my area is my main issue. I am forever trying to find out who owns this and that. Something must be put in place to allow local authorities to do this. We are painting derelict buildings because they are an eyesore, but this is not just about derelicts. We all want our areas to be lovely and we want to provide good environments for those whom we represent and who we feel need them, but nothing is as bad as entering a town centre where five or six shops are boarded up or a housing estate where, through no fault of the residents, there is anti-social behaviour, rubbish, etc. This is the bigger picture and, until something is in place, it will not work. It is unacceptable.

Money is a greater issue. One of the witnesses stated that local authorities did not take on the people they needed. Funding, staffing, resources and the timescale are his main issue. It does not matter what he says - local authorities need to start taking these on. The money is there. We are being told by the Minister, Deputy Coveney, that there is money.

I will cite a final example. Last week, I dealt with the case of a house that had been boarded up for months. The engineer and I were in contact with the Department. It took us a year and two months to get funding - we got it yesterday - for a derelict local authority house. That is unacceptable. Funding is there. I cannot say whether this is down to information being handled the wrong way, but someone needs to be accountable for what is happening. I am not saying that everyone is not doing his or her best and I do not want to be negative, but major issues are not being addressed. In any job, one must do it right and be accountable. People need to be accountable for this funding.

We receive reports weekly, but could they contain figures on where the money is being spent? It was mentioned that properties in Dublin had been examined. That is fine, given that Dublin probably has more issues than any rural area, but homelessness and derelict houses are everywhere. The reports we receive mention that houses are being built - not that we are building many - but please give us the statistics. We need to consider those areas that are covered by the programme. We are falling down in that regard. What investments will the programme make and which local authority will get what? I could then tell my local authority what the Department will be doing this year. That information is missing. Perhaps Dr. Sirr will revert to me with clarification.

Chairman: Many of the Senator's questions were more relevant to the County and City Management Association, CCMA, and the Housing Agency. They have taken note and we will get them to revert to her.

Senator Grace O'Sullivan: I thank the witnesses for their presentations. I am a Green Party Senator and this issue - providing homes as quickly as possible in times of crisis - is core to us. I have taken Dr. Sirr's comments on board and I will introduce legislation on vacant and derelict housing in the coming two weeks. It is a crisis. Building in towns and urban regeneration are critical given that, contrary to Deputy Casey's point, infrastructure is already in place in many cases. We need to move quickly and should not be sitting back. The witnesses have given us a great deal of substance and super suggestions with which to do so. The onus is on the Government to move as fast as possible and, as Deputy Ó Broin stated, to put vacant and derelict sites to the fore, not to No. 4 or No. 5 in the Rebuilding Ireland policy document. We can get the impetus going as soon as possible and start providing homes for those who need them.

Chairman: I have one or two questions to ask this and the next set of witnesses. Each local authority has submitted its works programme and information on its housing supply, the zoned and non-zoned sites that it owns, where there is infrastructure, etc. For various reasons, it would not be financially viable to purchase many of the vacant units in question. In Dún Laoghaire, it costs 20% more to purchase, build or rent than anywhere else in Dublin. We must tackle this issue.

Although I am solution driven, I recognise that not all of the units are suitable and it will take time to work through them and produce results on the ground. I welcome the repair and lease initiative and I agree with Mr. Doyle's grid proposal. The committee has proposed to take what we learn today and put a report together.

As we have approximately ten minutes to conclude this section, I will ask Mr. Doyle and Dr. Sirr to contribute again.

Mr. Pat Doyle: I agree that there must be balance. Not every property will be suitable for housing. Some derelict sites will be suitable for community facilities. A vacant property tax could add to that. In Kildare, the local authority purchased a complete site. We got the monastery and the church area will become a county library. There is a good balance between housing and community facilities.

The vacant property tax could be invested in a community resource. We are sensitive to this issue. With the OPW, we considered a property a while ago. Since it was an OPW building, it had been in community service. We wanted to say "Yes", but we said "No" because the community did not want to give up that service. People would only have accepted another community service and might not have viewed housing for the homeless as such.

However, there is a great deal of low-hanging fruit. Getting even one in ten of the properties that we surveyed and costed would go a long way. This week, we examined two properties in Drumcondra with one of the deputy directors of Dublin City Council. We will examine more in Cabra and Inchicore on Friday.

I have not seen any local authority housing department that is just sitting around doing nothing. They are all very busy and stressed and are under significant pressure to deliver. For local authorities, it may be a matter of more staff resources. I have not met any housing official who has not been run off his or her feet. We are receiving great co-operation. I hope to be invited to Carlow shortly.

Senator Jennifer Murnane O'Connor: Mr. Doyle is more than welcome.

Mr. Pat Doyle: If any of the CCMA witnesses is from Carlow, we are on our way. That makes sense because Carlow, Kildare, Wicklow and Meath are commuter counties, with many of their residents working in Dublin.

It is a matter of resourcing local authorities. They have good will and experience and are backing the voluntary housing associations.

Dr. Lorcan Sirr: Regarding NAMA properties, I believe that Senator Murnane O'Connor mistook me for a departmental official. Given my experience to date,-----

Senator Jennifer Murnane O'Connor: I apologise. I did.

(Interruptions).

Dr. Lorcan Sirr: I am not sure that the Department would have me, to be honest. The Senator's point about anti-social behaviour was well made. There is an economic cost. Research often gets derided in the built environment, but research can quantify the cost of vacant housing and anti-social behaviour. We can put a number on it.

The repair and lease scheme is a wonderful idea and should be rolled out further.

The Senator made a good point about local authorities and mortgages. A cohort of households earn €35,000 to €50,000 per year, which is too much to qualify for State help and too little to buy their own homes. They will fall into a wide gap.

Senator Jennifer Murnane O'Connor: Yes.

Dr. Lorcan Sirr: The build-to-rent scheme and rental sector will only solve some of that problem, and we owe it to ourselves to look after those households.

The question on accountability in local authorities is not something that-----

Senator Jennifer Murnane O'Connor: That was not a question for Dr. Sirr.

Dr. Lorcan Sirr: It is way beyond my pay grade.

Turning to Deputy Casey, the end of our submission outlines three statutory instruments to streamline the unit conversion process and reduce the length of time from ten or 12 months to four days and the cost from €10,000 to approximately €2,500. The three proposals were primarily written by Ms Hegarty and Mr. Reynolds. There is also a summary.

Deputy Pat Casey: We could not print the appendix.

Dr. Lorcan Sirr: Sorry. We can get that to the committee.

Chairman: It is in a separate attachment.

Deputy Pat Casey: Is it this one?

Dr. Lorcan Sirr: Yes. Under those proposals, the process could be streamlined and costs reduced tomorrow morning. They come from Ms Hegarty and Mr. Reynolds more than me.

Regarding the Chairman's questions, Louth County Council is a good example. It bought property at €5,000 per unit by means of CPOs. A €50,000 spend provided what was essentially a refurbished house. It can be done around the country, but my problem with this is that the Department counts it as a new house even though the house is 30 years old. It inflates the figures artificially.

Local authorities can work through CPOs. Louth County Council is a good example of how it can be done.

Chairman: I thank Mr. Reynolds, Dr. Sirr, Ms Hegarty, Mr. Doherty, Mr. Doyle and Mr. Friel. I am grateful for their patience. I am sure we will engage with them again. If members agree, Deputy Casey will take the Chair for ten minutes. I must take a phone call.

(Interruptions).

Chairman: I propose to suspend for a few moments to allow the second set of witnesses to take their seats. Is that agreed? Agreed.

Sitting suspended at 11.12 a.m. and resumed at 11.17 a.m.

Deputy Pat Casey took the Chair.

Acting Chairman (Deputy Pat Casey): I welcome Mr. John O'Connor, Mr. David Silke and Ms Isoilde Dillon from the Housing Agency and Mr. Michael Walsh, Ms Catherine Keenan and Mr. Joe McGuinness from the CCMA.

Before we begin, I draw the witnesses' attention to the fact that, by virtue of section 17(2) (l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. The opening statements submitted to the committee will be published on its 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 Houses or an official either by name or in such a way as to make him or her identifiable.

I invite Mr. O'Connor to make his presentation.

Mr. John O'Connor: I am pleased to attend this meeting to discuss vacant housing and derelict and vacant sites throughout the country in order to assist the committee in its examination of these issues. I am accompanied by my colleagues, Mr. David Silke and Ms Isoilde Dillon.

The Housing Agency was founded in 2010 with the vision of enabling everyone to live in good quality, affordable homes in sustainable communities. In this pursuit, we provide a wide level of expert advice, support, research and training for local authorities, the Department of Housing, Planning, Community and Local Government, approved housing bodies, NAMA and many other public and private sector organisations. The many activities that we are involved in, together with our research, provide the agency with a unique vantage point from which to offer the committee information, advice and observations on addressing the issue of vacant housing and sites.

We have been asked to address vacant housing, derelict sites and underused spaces. In doing this, I wish to cover the issues of vacant housing, Housing Agency acquisitions through the vacant house purchase initiative, NAMA acquisitions and leasing for social housing, unfinished residential developments and derelict and vacant sites.

In May 2016, the Housing Agency's discussion paper, Overview of Vacant Housing in Ireland, highlighting the level of vacant housing and possible actions to address this, was submitted to the Oireachtas Committee on Housing and Homelessness. Following that, pillar 5 of the Government's Action Plan for Housing and Homelessness – Rebuilding Ireland, focused on utilising existing housing stock. The key objective identified is to ensure existing vacant housing stock throughout the country and across all forms of tenure, in both the private and public sectors, is used to the optimum degree possible. The key action from this is to develop a national vacant housing re-use strategy. In order to prepare a draft strategy for consideration by

the Minister, a working group was established, which I chair. This working group is examining ways of addressing vacant housing and is consulting with organisations and individuals in this country and abroad, including organisations such as the Empty Homes Network in England and the Scottish Empty Homes Partnership.

The key areas being examined by the working group include priority, that is, the question of how to ensure bringing vacant homes back into use is taken as a priority at national and local level. Another key area is information: how best to identify and compile registers of vacant properties and their owners. The group is examining various sources of information required to build an understanding of the scale of the problem, or the potential, which will indicate if actions and policies can be tailored to ensure effective use is made of existing resources and assets. Another key area being examined is the response structure. A critical factor informing the success of bringing vacant homes back into use will be the role played by local authorities. The immediate focus needs to be on ensuring local authorities are in a position to identify and actively engage with owners and that they have the necessary support to do this. Support at national level is critical to success.

We are consulting others, researching and analysing various approaches and actions. If committee members would like, we can discuss this in more detail during the open session. Two initiatives are being implemented, namely, the repair and lease scheme and the buy and renew scheme. These are important measures in addressing vacant housing.

In the context of the vacant house purchase initiative, the agency has been engaging with the banks on their portfolios of properties throughout the country. The objective is for the agency to utilise a €70 million rolling fund to acquire 1,600 properties by 2020. The majority of these properties would be former buy-to-let properties. To date, the agency has had bids accepted on 305 dwellings with a total value of €46.75 million. Of these, the agency has signed contracts for 217 dwellings, and 29 of these purchases have closed. The dwellings acquired will be sold to approved housing bodies to provide homes for those in need of social housing support. Under an earlier initiative in 2015 and early 2016, the agency acquired 171 properties from banks which were transferred directly to local authorities. When we engage with the banks and identify other properties suitable for local authorities, we also put in place a system to acquire them.

The agency has been working with NAMA, the Department, local authorities and approved housing bodies since 2011 to utilise properties that were part of the security to loans taken over by NAMA. To date, 2,378 properties have either been delivered or contracted for delivery to the social housing sector. It is important to note that many of these properties were vacant properties and, in most cases, required significant investment by NAMA through the property owners and receivers to make them suitable for provision as homes.

Significant work has been ongoing to resolve the main proportion of unfinished housing developments since 2010. The number of these developments has decreased from 2,846 to fewer than 500 in that period. A key aspect of the process was to identify and collect detailed data and undertake surveys on an annual basis on each development. In addition, significant time was required to engage with developers, receivers and banks on resolving the specific issues for each development. The lessons learned from this process are the need for good data, ongoing monitoring, stakeholder engagement and co-operation, and results orientation. These lessons are important in informing the approach to dealing with vacant housing and sites.

Regarding derelict sites and underused spaces, the effective implementation of the vacant sites levy is critical. This was introduced under the Urban Regeneration and Housing Act 2015

and imposes a levy of 3% of the market value of sites that are identified in a register of residential development sites and regeneration sites. Each local authority is preparing a register of relevant sites that meet certain criteria, including whether the sites are serviced and viable and there is a demand for housing in the area. The findings from other countries indicate that a site tax is an effective way of promoting housing supply and utilising vacant sites.

The two most important actions in addressing vacant housing are to identify vacant properties and to engage property owners. I cannot over-emphasise this. We are pleased to elaborate on or discuss the points raised and provide more information to the committee as it sees fit. Again, I thank the committee for this opportunity to make a contribution on these important issues.

Mr. Michael Walsh: I am glad to be here. I thank the committee for the invitation. I am joined by my colleagues, Mr. Joe McGuinness from Louth County Council, and Ms Catherine Keenan from Dún Laoghaire-Rathdown County Council. With the Acting Chairman's permission, I will not read the full written statement. I might comment and elaborate on some of the topics that have arisen here already. Regarding voids, we in the local authorities are more aware of the reality than anybody else. We are at the interface, along with some of the non-governmental agencies, of the distressed housing situation. We are working to significantly improve the voids situation regarding our stock. We are satisfied that significant measures have been implemented during recent years, and they continue to be implemented. During the past two or three years, the Government and the Department have made available funding of approximately €30 million or €40 million per year, which has been particularly helpful in void recovery. It is bringing about significant improvement and will bring further improvement this year. All local authorities are moving towards choice-based letting, which will bring a further improvement in tenancing. We are satisfied that by the end of the year we will have a good handle on the overall voids position.

Sometimes, the voids situation is presented in a facile manner. A number of matters are certain. Our statistics on return of voids in 2015 showed it took around 20 weeks to return voids. The figure is very significantly skewed by long-term regeneration projects. There is no such thing as a zero-week return, given that we must go through the letting process at a minimum. We have to do basic inspections on the properties and even when we get back a really good property, it takes some weeks to re-let it, no matter how we go about it. We are satisfied that we are getting a handle on it. We are not for a minute saying we are there, but we are getting there. We are in a better position and we will be in a better position by the end of the year.

In the written document we submitted, I have commented on some of the matters of consequence regarding the timeframes. When it is broken down, we are spending an average of €13,000 per individual unit. In a way, we are not getting back normal vacancies for re-letting. With the private rental market the way it is, people are not leaving local authority housing to go to the private sector. They may have done so historically through moving job or other factors. There is a slightly different scenario from what used to exist previously. We now tend to get back older stock, often due to the demise of the tenant. Some of that stock can be 60 years old, reflecting the age and longevity of the tenants involved. We are also getting back some stock which is fire-damaged or otherwise significantly damaged.

Local authorities have a statutory obligation to house everyone. A cohort of our tenant population has a difficulty in capacity in terms of managing the houses. As a consequence, significant interventions must be made. Our position is that when we are re-letting those houses, we are actually re-letting a home for a long-term proposition to meet not just people's housing

needs but to give them a home. We are conscious of returning a unit to a standard which will allow them a good quality of life for 30 years.

In terms of doing work which averages at a quantum of €13,000 and doing it in the context of health and safety around people in the home, that is not viable. We are concentrating on getting the time down significantly. We are beginning to succeed with that.

Capacity in the construction sector was referred to earlier. I would not go any stronger than to say we would like to see more competition in the marketplace. In some instances, we are not seeing massive competition. In our view, it impacts only a little on price but it impacts more on time. No more than a private householder will find, getting a contractor to turn up when they say they will, and do what they said they will in the time they said, is becoming a little more difficult.

Significant concentration needs to be placed on vacant properties in the private sector because there is low-hanging fruit to be got. I am not trying to be negative but I will point out some difficulties which were not encountered previously. Over the past six months, Waterford City and County Council is involved in a repair to lease scheme while Louth County Council is involved in the buy and renew scheme. While the period might not provide substantive statistics, we have some experience in this area. Waterford city is not in the worst position in that it is an old historical city centre with small streets and older properties. On the edges of that, we have housing of different standards and ages. Our experience is that we have had significant interest. We will deliver 40 units this year and could easily end up delivering 80 to 100 units. If we were to do that over several years, it would add to a substantial number of units.

I agree with Mr. John O'Connor from the Housing Agency in that we need to get more data quickly. We would have done some work on the ground in the electoral districts reflected in the CSO's census reporting on vacancies. While I would not extrapolate the Waterford figures to the national position, we found there were fewer vacancies than suggested in the CSO figures. We used local knowledge and sources, even knocking on the doors of houses next to vacant sites, to ascertain what the case was. In some cases, the figures were 50% less than the census data.

We were finding two primary causes. First, in the older areas of the city, houses or over-the-shop units were unfit for occupation and needed physical intervention. They could range from substantial dereliction requiring major renovation in some cases to adaptation for disabled access. The second reason was financial or legal distress. Legal can involve probate or intestacy issues while financial involves a bank trying to recover a property or abandonment due to financial distress. Some of those houses affected were historical buy-to-let properties.

The instruments available to county councils to deal with derelict or underused sites include the Derelict Sites Act and compulsory purchase powers, attendant on either the Derelict Sites Act or general planning and housing legislation. Sites which are derelict, or lying idle for long enough to become derelict, are generally in distress in terms of ownership or otherwise. Historically, we have found that the derelict sites levy, a 3% levy which can be applied to the valuation of the property which tends to be low on derelict sites, is non-functional. We cannot collect it and it places a burden on properties which are already burdened by distress in some form or other. That is not insignificant in the context of considering a tax on vacant sites. I would separate that from the vacant site levy, which is targeting viable sites that should not be hoarded and kept out of the marketplace where there is clear ownership, resources and so forth. That is a different matter from distressed properties which have legal, financial or ownership issues.

One is actually adding more elements to the equation to try to solve the problem. We need to be careful. Like the Housing Agency, I would love to see greater detail because we need it. Even if we say there are not as many vacant properties, there are still a lot of them by any stretch of the imagination and we agree that we need to get there. The committee can be sure that we see ourselves as having a role. We would be worried about the resource demands because we are coming off a base of very little data. About 30 or 40 year ago, property rates were there and we held all the data in terms of the ownership of property but that data is not there now. The work we have done locally involves literally knocking on doors and doing the legal searches and all the other things that are required to get there.

For all that, we welcome the repair and lease scheme because it allows us to get at the low-hanging fruit reasonably quickly. In respect of the ad in the newspaper, if people are suffering a capital deficiency and if the figure of €30,000 or €40,000 allows it to be brought back, it gives us an instrument that did not previously exist. My understanding is that the Minister intends to make it a national scheme straight away and we would recommend accordingly because there is a reasonably quick win there. In respect of following through with some analysis of vacant sites, there are other instruments but simply taxing them may be a bit simplistic because there are issues to be considered.

Another area I would like to address is the compulsory purchase order, CPO, powers we have. We certainly have CPO powers. There are a few difficulties with them. It is one of the reasons local authorities only pull the power when there are compelling reasons to do so. Some of it derives from our historical constitutional position on property because down through the years, our court cases have been based on the right to ownership of property. The CPO scenario has a few features. Yes, we can carry out compulsory purchase but it leaves uncertain cost and a timeframe difficulty in terms of arbitration processes that seriously compound things. In respect of compulsory purchase, one pushes the button - in fairness, An Bord Pleanála is very good in terms of the timeframe for making decisions - it is a two to three-month process and one comes out of it, concludes and serves notice to treat. The valuation of the property is to be fixed at the valuation on the date when the order is completed. However, one is uncertain about what that valuation is because until the statutory property valuer concludes the process, every owner is entitled to go to arbitration and we generally have to carry their costs, which is the other issue here. The timeframe in respect of the valuation process is significant and runs into a year or over a year generally speaking. In budgetary terms, this makes it very uncertain about what one has to pay and when one has to pay it. The other very significant element here is that there is a really significant cost associated with the CPO process. I can give the committee examples. One example involved us doing a CPO where the valuation was defined at €500,000 but the costs ran between €100,000 and €200,000. That makes that property really expensive. Where there is complexity around the ownership, marriage values and any other things that go with it, it is an uncertainty in valuation and budgetary terms that retards people from pulling that trigger. I am sorry for using that term but that is the reality. There has been a bit of resistance to using it unless a compelling reason exists. If one were to take it to the extreme, even though I cannot cite an example, one could be looking at a derelict house that would be only €30,000 or €40,000 but the same costs or half of those costs could accompany it so that what was a reasonable value could end being significantly more expensive once one carries out the refurbishment. I would like the committee to understand that.

I thank the committee and assure it that our people are at the coal face of this, a point I was very glad to hear somebody reflect earlier. We are very aware of the pressures in society in terms of this problem. We are not right all the time. We do not say that for a minute. The way

I would put it is that we are doing our best in difficult circumstances but I welcome the opportunity to present to the committee.

Senator Victor Boyhan: I welcome Ms Dillon, Mr. O'Connor, Mr. Silke, Mr. Walsh and Mr. McGuinness. In particular, I welcome Ms Catherine Keenan, who is director of services in Dún Laoghaire-Rathdown County Council, a council with which I am more familiar. I again thank the witnesses for submitting their presentations in advance. This gives us the great advantage of being able to read them and in some way prepare the questions we may put to the witnesses. In his submission, Mr. O'Connor talked about part 5 of the Government's action plan. We all know that the priority in Rebuilding Ireland is to focus on utilising existing stock, particularly in Pillar 5. Local authority representatives appeared before us. We are focusing on vacant houses, derelict sites and underused spaces this morning. There was a lot of repetition in all the presentations because we all know it is the same problem. There are different suggestions as to how we might address it. Based on my own experience and on talking to a number of local authorities, there is a lack of hard facts and hard data. I am talking about public housing. Dublin City Council was mentioned this morning. I do not want to go into that but the amount of property on the books of that council was shared with us earlier and is quite alarming. I would like to hear, particularly from the CCMA, about how it is centralising its registers for its property and land assets. In 2015, the Local Government Audit Service raised a number of issues relating to a substantial amount of the 31 local authorities in terms of the transfer of that data from paper files and registers to an electronic system and the mapping of all of that. That is an important aspect of fully understanding what is needed.

Mr. Pat Doyle from the Peter McVerry Trust spoke here this morning. He said that his experience with local authorities was always very positive. That was really interesting. He spoke about the enormous goodwill, expertise and specialist resources and commitment in local authorities. I thought that was really encouraging and I wanted to share it with the witnesses. It is not a criticism of local authorities but perhaps we need to hear whether they have the necessary resources and funding because it is about funding and resources to do the job really well. Perhaps the witnesses might share their views on this.

The witnesses spoke about compulsory purchase. I am also aware that this is a huge burden. I am hearing that local authorities are very reluctant to proceed with compulsory purchase given litigation issues, issues relating to the constitutional right to property and proper legal mapping of title of properties. There are family legal issues surrounding some properties, which is why they are vacant. We know about the fair deal scheme. There are short-term properties in certain parts of Dublin - very good and well-maintained properties that are empty for reasonably long periods of time. Could the witnesses please share that information with us because it is an important issue? Looking at the register of the National Oversight & Audit Commission and the league table, if one likes, for 2015, I wish to again single out Dún Laoghaire-Rathdown County Council as it is the lowest in terms of the directly provided dwellings that were vacant as of 31 December 2015 with 0.66%. It is the local authority with the lowest level of all local authorities, which is encouraging. It is closely followed by Kilkenny County Council and South Dublin County Council. However, there is a huge gap after those three. I accept it is a case of horses for courses and things are different in different areas. I wish to refer to one or two issues before I conclude.

The Housing Agency has a €70 million fund which is available for the acquisition of vacant sites. What is the source of the funding? How has that come about? Figures have been set out for the amount of houses that have been acquired. Could we have a breakdown in terms of the

31 local authorities as to where the houses were purchased and how they are distributed within local authorities? We need to have more facts and evidence-based information. It would be very helpful for the committee if we could see where the properties have been acquired in the 31 local authorities and how the properties have been distributed among the local authorities.

I talked about derelict sites and I accept there is a challenge in that regard. On local authorities preparing a register for the relevant sites, that is really important for the private sites but, first, let us face it, local authorities have vast amounts of sites on their own books and we cannot be judge and jury in all of these matters. We need to see a definitive register of those sites.

Turning to the CCMA, I am struck by Mr. Walsh's practical, hands-on approach in his commentary today. Many of the issues ring a bell. It is very interesting to hear it as it is, and he put it over really well in terms of some of the challenges. It is clear we will see another report soon for 2016 on letting times. I hope we will be able to compare it with 2015 and see further improvements. I do not think anyone is delaying matters. Mr. Walsh set out very eloquently and clearly the complexities and the need to get houses right. They must be right and appropriate for people as they are their homes. It is not all a numbers game. The houses must be high quality and compliant with the regulations. That is really important.

Previous speakers, including Deputy Casey, spoke about the potential for identifying sites especially in urban areas. There has been much talk about empty space. I spoke to someone recently in Athy, County Kildare, which is a place that is full of empty properties on the main streets that have been consistently refused planning permission for residential, and in some cases it was only sought for the upstairs. There have been derelict shops on the main street for up to ten years. There are about 14 pubs empty in the town and a use cannot be found for them. There is a reluctance on the part of local authorities to change the use, based on rates. It is clear that there are other factors such as the streetscape, urban design and the public realm. One is especially conscious of that in the case of heritage towns or market towns but a lot more could be done.

The more information on the 31 local authorities we can get the better, and it should be broken down as that would be really helpful. We also need some reassurance on the current position of each local authority in terms of the register. We also need a commitment from local authorities to provide information at a later date on where they are in relation to their own property assets. It is good corporate governance and makes sense that every local authority would be able to produce a detailed, definitive and comprehensive register and mapping system of its property assets, if the local government auditor were to arrive in any county hall. That would provide enormous potential for new social and affordable housing. I thank the witnesses for their presentations.

Chairman: I thank Senator Boyhan. We must be conscious of time. I want to get answers to all the questions so members and witnesses should be conscious of that.

Deputy Eoin Ó Broin: I thank the witnesses for the presentations. I acknowledge the work the Housing Agency has been doing in highlighting this, both from the report last year and ongoing work.

I also wish to make a point on local authorities because there are occasions when some people, in particular when they get into the Oireachtas, forget where they have come from and have a tendency to treat local authorities as a whipping boy in terms of the difficulties that exist. I know, not only from the local authority with which I am most connected, namely, South

Dublin County Council, but also from other local authorities that have large housing needs that their housing departments are under enormous stress. They are dealing with higher levels of demand with lower levels of staff. I accept that budgets are beginning to improve but it is very important for the committee when we are considering those issues not to conveniently point the finger of blame at local authorities. That does not mean we should not question or criticise when it is appropriate but some people seem to think, simplistically, that it is a problem for local authorities when very often it is not.

I have some questions for the Housing Agency and then for the County and City Management Association, CCMA. Could Mr. O'Connor give an update on when he hopes the strategy will be ready and some other information beyond what is in the report? What I am really interested in is the acquisitions programme. On 1 December, Deputy Noonan said in response to a parliamentary question that 922 vacant properties were being considered by the Government. I presume he meant the Housing Agency. A total of 500 properties were from Bank of Ireland and 422 were from Permanent TSB. He said funding approval had been granted for 200 of those and contracts had been signed on 20. That was the content of the reply to the parliamentary question but my understanding is that the figures are very different from that. I am interested in three figures. What is the total number of vacant properties, whether from banks or other sources, that the Housing Agency has been considering since the €70 million fund was announced? The Housing Agency has told the committee how many properties it is in the process of acquiring. I want to know how many the agency has rejected as being unsuitable, in particular on the grounds of leading to an over-concentration of social housing. I wish to come back in on that question because this is quite important.

I am also interested in those properties that have not been deemed unsuitable and where bids have not been made. How many more are in that category and what is the reason they have not been actively pursued? Is it because the €70 million fund does not allow the agency to pursue more properties than it is currently doing and that it must sell them on and wait for the money to come back in or is there some other reason?

I will now turn to the CCMA. When the strategy comes out a whole new set of demands will be put on local authorities in terms of the register and pursuing properties. Mr. Walsh has already given us an outline of the level of work that involves. The Minister keeps telling us there is no problem with money or staff. Is Mr. Walsh confident that with the existing staff complement, in particular for those local authorities like Waterford City & County Council where there is a high level of vacancy and housing need, there are sufficient resources to do the work that will come down the line? If, for example, the repair and lease scheme or the repair and buy scheme is rolled out, that is another layer of activity that is required. Could Mr. Walsh give some sense of the resourcing requirements?

On the derelict and vacant property tax, I do not think anybody in the previous part of the meeting, or those of us who have called for this before, think it is something that can just be applied very quickly and will resolve the problem. However, to go back to what the Peter McVerry Trust said, it suggested a 12-month window would allow the owners to engage and try to work out solutions. Is Mr. Walsh's point that something like that is required or is he just against the idea because of the experience he had? I would be interested in hearing more from him about that.

I accept that compulsory purchase orders, CPOs, have additional costs but it is important that we offset potential additional costs with the cost of, for example, keeping a family in emergency accommodation for two years, which is the case currently in Dublin city. The cost is

€35,000 a year per family and in the Dublin City Council area that amounts to the State spending approximately €70,000 for the average family in emergency accommodation. Are CPOs a more efficient way when one knows the property is derelict and the owner cannot be traced, as opposed to where it is a probate case or a case of financial distress? Is Mr. Walsh making the case for legislative change or that CPOs are the wrong instrument and we need to look more at providing a carrot in the form of engagement through the Housing Agency, voluntary bodies and local authorities to incentivise that percentage of the stock that we can get back into active use?

Senator Jennifer Murnane O'Connor: I also welcome the witnesses here today. For clarification, I have spoken about staffing and resources in local authorities on several occasions. Local authority staff do good work in spite of being understaffed. In my local authority in the past five years we lost 110 staff who have not been replaced. That is unacceptable. If someone is on holidays there is no one to replace him or her. Most staff in all local authorities are put to the pin of their collar. The position on staffing needs to be clarified. I believe the local authorities are doing their best. Funding is a big issue but staffing is a bigger one. In respect of derelict sites, a local authority needs to have a timescale for doing up a house. A local authority house is often left for six months because the authority is understaffed. That is unacceptable. A system needs to be put in place to ensure that no local authority house is left vacant for more than six or eight weeks. There is no need for that. Sometimes work is done that does not need to be done. Balance is needed. There is a protocol in place for houses that come back to local authorities. It is not the fault of the staff.

Many of the problems with derelict houses, whether owned by the National Asset Management Agency, NAMA, or the local authority, are health and safety issues. No one today has brought this up. Some houses in private or local authority estates which were bought in the Celtic tiger days and repossessed by the banks have to be boarded up. The local authority has to do this. It is a health and safety issue because young people gather there and people dump rubbish. If NAMA is handing houses to the local authority, the authority needs to consider the big picture. They will house families, which is crucial but they are an eyesore. They draw anti-social behaviour and rubbish because people are not paying for bin collections.

People come to me because their house has been repossessed by the bank and I have to find out who owns it but the witness is right that years ago local authorities had far more powers. We need to give them more powers to do things like that. My local authority held a meeting a few nights ago about St. Patrick's Day. We are trying to make sure the derelict buildings on the main street look good. I believe the local authority is doing its best. Carlow, like Waterford, is part of the repair and lease scheme and there have been concerns about it because 22 people have expressed an interest and eight have qualified. Like everything it has teething problems but I hope the Housing Agency will address this problem and see why those other people did not qualify. The scheme will house people and the houses will go back to the local authorities. I do not know what the uptake in Waterford is but 12 in Carlow did not qualify. The timescale for local authorities to repair houses, their funding and staffing need to be addressed.

The rapid build programme is good for Dublin, Cork and Limerick but it does nothing for rural counties. We would love to have a rapid build programme. The Housing Agency needs to come up with an overall plan because there are many problems. I know the witnesses are doing their best but the simple things they are not addressing are causing the friction. That is where we are falling down.

Deputy Pat Casey: What is working and not working in the repair to lease and the buy to

renew schemes? What changes would the Housing Agency recommend before the Minister rolls them out nationally?

Mr. John O'Connor: I will deal with the vacant housing strategy first and then the acquisitions. The Minister's intention is to publish the vacant housing strategy in March. A working group is working on it but it is up to the Minister and the Government to decide what initiatives they will take. It is very important to identify the properties. There is the issue of the data and the hard facts. We have been examining the various sources of data, some from the Central Statistics Office, CSO, although it will not give us addresses. We are working on the geodirectory which has the data for the whole country because postmen identify vacant property. We have been talking to the Revenue Commissioners about the local property tax because they have names and addresses which they are prepared to share with the local authority. In the first instance we will provide lists of addresses to each local authority in the country to work on and see how good their data is. Engaging with property owners is critical to finding out why properties are vacant and whether they can be brought back into use. The legal and financial issues that Michael Walsh raised are often major issues for property owners.

As for what might be in the vacant home strategy, the measures outlined by the Peter McVerry Trust are sensible with the exception perhaps of introducing a property tax too soon. Michael Walsh highlighted that. Many property owners are in financial distress or have legal problems. Receivers have been appointed to a vast number of buy to let properties. Introducing a property tax at this stage, without knowing the detail, might not be wise because the people we try to impose it on might not be in a position to pay. All the other measures the trust mentioned were sensible.

It is very important to give the local authorities the resources to deal with vacant homes and that their staff engage with, and talk to, property owners and get properties back into use.

I will ask Ms Dillon to outline what we have learned from our engagement with England, Scotland and Wales.

The fund for acquisitions comes from the Exchequer but it is to be used as working capital. Approved housing bodies will use a payment availability agreement and capital advanced leasing facility, CALF, funding, a combination of current and capital funding. Our fund is a recycled fund.

We started work on this last September and have screened 1,485 properties from various providers. We have seen 690 properties owned by the banks, primarily the Bank of Ireland and AIB. The information regarding Permanent TSB might not be correct. We have not had a major engagement with it during this initiative. Together, Bank of Ireland and AIB have offered 690 properties and we made bids on 347 of those properties. Sometimes, even when we are making bids, the bank may have appointed receivers or the properties might have already been sold on. That is the kind of scale.

We are looking at properties from other providers and developers. With those we might often decide it would be best for the local authorities or approved housing bodies to engage directly in acquiring properties. We act when it is important to act quickly. In some cases it is better for a local authority or approved housing body to undertake the transaction. In some cases we are just buying in trust for the local authority so the local authority is actually the purchaser. We can provide details of that.

The Senator asked where the properties are. We will provide the committee with a county-by-county list of the numbers of properties. We are happy to provide that detail on our website. There are properties all around the country.

Deputy Eoin Ó Broin: Of 221 properties from that mix that have been deemed unsuitable, obviously a portion of them have been deemed to be unsuitable because they are in areas with an overconcentration of social housing. The rapid-build homes that local authorities are approving are all in areas with a high concentration of social housing and the same applies to the new builds. Are different criteria being applied for overconcentration here? I would assume that some of those 221 properties, which are in areas that are deemed to be overconcentrated, are in private estates which probably do not have more than 10% social housing. I ask Mr. O'Connor to allay concerns some politicians may have that properties that are suitable in terms of the unit may not be deemed suitable because of political or community sensitivities because it would be over the 10% or 20% social housing, whereas in other areas of social housing provision that is not a criterion that is applied.

Of the properties that the Housing Agency has not bid for and which have not been deemed unsuitable, how many are still there? Is the problem that it does not have enough money to move to acquire those at this stage or is something else going on?

Mr. John O'Connor: Money is not the issue at the moment. It could be an issue when we need to sell on properties to approved housing bodies before we recycle money. At the moment funding is not an issue.

Deputy Eoin Ó Broin: Is there a risk of losing the property because of the time lag through the recycling and the sale-on?

Mr. John O'Connor: In a number of months' time, that may be an issue we will have to address. At the moment it is not an issue.

The properties being offered under the acquisition initiative are primarily buy-to-let properties dotted around the place, so we are not dealing with a concentration issue. The local authorities have been very responsive in giving us quick feedback on whether the properties are located in an area suitable for social housing. The main reason a local authority would deem a property unsuitable would be if it is remote from a city, town or village. The local authority might have some specific information about an issue with the development, but that does not arise much. We carry out inspections and valuations of the properties, and sometimes we do not proceed with them because of the condition of the property. On the acquisition side in our view local authorities have been acting reasonably and have been very helpful because of their local knowledge.

The concentrations would relate more to the NAMA acquisitions. In our opinion local authorities have taken a reasonable position on the NAMA acquisitions. We talk about a figure of 7,000. The number offered to local authorities was more of the order of 5,000 because 2,000 had already been sold or let. Local authorities typically took about 50% of the properties. We are happy to provide all the information on the acquisitions to the committee.

I will ask Ms Dillon to give the committee a flavour of the vacant housing strategy and her engagement with the UK in particular.

Ms Isoilde Dillon: As part of the vacant housing strategy we carried out research on what was happening internationally. We particularly focused on the UK because it has been actively

engaged and it has been a priority for the past 25 years to look at vacant properties. In England there is a 2.5% vacancy rate. Many of the councils in England have their own action plans and much of the work done on vacant homes is based within the councils. Many of the councils have empty homes officers.

For example, Kent has a so-called “No Use Empty” scheme, which is a support mechanism for the local authorities there. The “No Use Empty” scheme supports home owners and councils, and it administers grants. Councils in England can also apply an increase in the property tax.

In Scotland the housing charity, Shelter, runs the Scottish empty homes partnership. That provides advice and support to owners and local councils, and it administers loans. It also very effectively operates a networking scheme that has buy-in from the local councils. Shelter claims that 80% of homes in Scotland have been brought back through the use of advice and support given either through Shelter or directly by the councils, which is significant.

In Wales all local authorities are obliged to have action plans and identify targets. Wales has a house to homes scheme offering interest-free loans for a period of two to three years. Private owners can apply for such a loan to bring homes back into use. That seems to have been very effective. Empty Homes Wales is an organisation that supports home owners. Other actions in Wales include a VAT reduction on materials for owners doing up vacant homes. Interestingly in Wales many of the grant schemes are tied into providing added value. For example, there are grant schemes that help first-time buyers to buy vacant properties and also to improve the sustainability of properties.

The lesson to be learned from that is that it is a holistic approach, with the emphasis on providing information. It is about identifying vacant homes and providing support to owners. In certain cases they have a number of grants available and in exceptional cases they bring in enforcements. That type of holistic approach will inform the strategy.

Mr. Michael Walsh: The question on the lack of hard data needs to be put to the Department. We know our own but we do not necessarily know the collective. I would not conflate the property register and the broad issue. We have an obligation to maintain an asset register and every property across the board is supposed to be on that. There is an issue of transferring historical paper records into that. While it might be slightly different in the bigger local authorities, in my case I think I would personally know every potential site for housing in the local authority area. If I did not, certainly one of our staff would know that. I do not think it is a major issue. Certainly, it can be an issue to get the land for those seeking to buy it or otherwise. However, I do not believe there is an issue with regard to the knowledge of what is available in terms of our internal property holdings.

Reference was made to derelict shops, rates and change of use. I would not disagree with the point made. As the law stands, there is an obligation to apply for change of use. In general terms, I would be open to some way to mitigate the process, perhaps by designation of a particular area, in some towns and villages, because it is something of an issue. Some commercial units are unlikely to return to commercial use in the medium term. In many of these instances, they need to transition to residential use. We have discussed the idea of living communities in the middle of our towns and villages. The idea could and should be considered.

I was asked whether I was confident that the resources were available. I will offer what might be considered a clichéd answer in some respects. As chief executives and directors of

services, we have to designate resources as required. Certainly, we will approach the Department on some elements and we engage in continuing dialogue.

I have a slight concern on the question of lease and repair, especially with regard to the body of work undertaken by Mr. O'Connor. It relates to empty home officers and collating or collecting the data generally. If we are to get a big hit in this area, we would need to commit significant resources quickly. We need to understand the issue fully. Certainly, we use all the resources available to us. Let us consider the vote for the housing budget. Between the Department, local authorities and the approved housing bodies, last year we spent every cent available and we will do so again this year. We are ramping up our building programme significantly. In reality, there is a two-year window. Ten years ago, we built 6,000 or 7,000 houses. We will get back to that level again within two or three years. The figures will be more like 1,500 this year and 2,500 next year. That is the territory we are in. Anyway, we will hit the Rebuilding Ireland overall targets, subject to the overall availability.

We have come through eight or ten years of recession. Local authority budgets took a hammering at every level in that period. Are we back following the recovery? Our staff numbers are down. Local authorities were among the first affected in the public service. We were forced to adapt by watching the financial position from day to day. We are down perhaps more than 20% in terms of staff. Our ability to increase the levels is limited as of yet in the context of the recovery. It varies across authorities. Anyway, we have to manage that at a local level. Certain pressures come to bear, especially on the staffing side in the housing area. We are mindful of that at chief executive level. We will be trying to resource it to the greatest possible extent within our overall resource pool.

Reference was made to the 12-month window. I will address the lease-and-repair question in that context. In some respects, the lease and repair option suits those who have capital or cases in which there is a capital problem. We need to find the stick to use with that carrot. In that case, a tax could be an option as long as it relates only to the capital issue. If we put a tax on top of a distressed property, that is to say, where there is financial distress of substance, we only compound the problem – that has been my experience. More data is needed, as is more understanding, before we make the jump. We might be unable to differentiate between the various categories.

We use CPOs, although perhaps I over-emphasised the point earlier. We use CPOs and we are happy to do so. In many instances, it is relatively straightforward to operate the process. If there is a single owner or if we know the risk is not great, we use the process. I take the point about the basic cost relative to other costs that arise. Anyway, we try to manage the overall budget to attain the greatest possible efficiency. The area is becoming increasingly complex and a wider range of initiatives are in place now than were ever in place previously. They are all needed in that context - we do not argue about that.

Reference was made to NAMA and to supply in general. From our point of view, overall housing supply is the big-ticket issue. Regardless of where people reside, whether in Louth, Dún Laoghaire or Waterford, we need more houses immediately. The question of whether we use NAMA properties or otherwise is something of a different argument. One point has struck me, although I was not centrally involved. Many of those properties were offered in blocks of 300 and 400. We are simply not going there – that is the end of that story. Many adjoined existing significant blocks. The question was whether it was feasible to take those and attain some sense of a sustainable community in terms of mix of tenure and so on. That was the predominant reason, although there was no demand in some instances. No local authority would

have chosen lightly to refuse to take housing that was readily available. We need to look at the overall sum. Last year, we used a number of acquisitions because they represented great value. This was the case in many areas where we were not distorting the market. We used every available shilling from the Vote for housing last year and we will do so again this year. That is the simple reality.

Reference was made to the eligibility issue for lease and repair. I am unsure as to what is the position but I will examine the matter. This issue arose in several instances. The basic eligibility requirement is that a property has to be vacant for a given period. A person cannot come in and get a refurbishment job done on an existing leasable property. Some rules must apply. Other than that, reasonable discretion applies. We are only leaning the lessons now on the lease-and-repair provisions. We genuinely believe a considerable amount of low-hanging fruit is available. Mr. McGuinness might wish to comment. I gather the experience of buy and repair arrangements in Louth is similar.

Mr. Joe McGuinness: There has been some learning in respect of the buy-and-renew scheme in Louth. We utilised the CPO process. I will offer some background and link it back to the buy-and-renew scheme. We have acquired approximately 26 units through the CPO process. Some were acquired by agreement once we started the process. When we started, the intention was to deal with estate management issues. Anti-social behaviour was emanating from derelict houses. The units in question had to be taken back into stock and put into productive use. We took advantage of that.

During the process, we learned a good deal. We acquired 26 units. In approximately 60% of those cases, ownership was held by finance houses. It is interesting that none of these houses were offered to the Housing Agency. They are not on the market and we have taken them back into productive use. The balance of the units are similar to the units Mr. Walsh referred to earlier, that is, they are subject to will disputes or legal disputes. Other cases may involve an owner sitting on a property where there is a substantial structural issue and the property requires significant investment in order to bring it back into use. We have learned from the process.

Mr. Walsh is perfectly correct about CPOs. There are occasions when we have backed out of the CPO process because of significant cost issues. We are charged by An Bord Pleanála for the hearing of any CPO cases. That arises even before we get to arbitration. Generally, the units we acquire are in the category costing from €5,000 to €60,000. It is at the lower level. Each case is treated as an individual case and, therefore, each will attract its volume of cost, etc.

We have learned from the process. This links back to the buy-and-renew scheme. It has been suggested that the repair-and-lease arrangement should be limited to expenditure up to €40,000. All the units we have acquired will have expenditure ranging from €60,000 to €120,000. The older the property, the greater the expenditure. If a property was built in the 1940s, we are likely to have to spend €100,000 to bring it up to scratch. That is a significant issue. That is a likely impact for us when the scheme comes out. Moreover, these properties will be new voids for the local authority once we bring them across the line. In addition, we will be acquiring units that will be in as bad, if not worse, condition as our existing voids. There will be a resource issue for us in managing the procurement and the refurbishment of those properties. It will have a detrimental effect on our service indicators because it will show the number of our voids increasing even though we are increasing the stock. This is just a factor to bear in mind. The buy-and-renew scheme being suggested will attract some promotion etc., so it will be interesting to see what comes across the line, but the issue of the €40,000 threshold is a significant one. I am not necessarily convinced the property owners will be knocking on our door

because according to the conversations I have had, people still want to hold onto their property. They are very interested in the repair-and-lease scheme, but the €40,000 threshold will be an issue. Our experience is that in the cases of the bad properties, a significant amount of money needs to be expended to bring them into proper, effective use.

Ms Catherine Keenan: From a Dún Laoghaire-Rathdown, DLR, perspective, I want it noted that the vacancy rate has dropped from 7.5% in 2011 to 5.7% in 2016, excluding holiday homes. That is interesting and is below the 6% base rate expected in a functioning market due to rental gaps, debts etc.

I will address some of the matters brought up. Dún Laoghaire-Rathdown County Council has concluded Part 8 consultation for a scheme of four units under the living-over-the-shop scheme. We hope this will provide a model of good practice, which can be replicated in the Dún Laoghaire-Rathdown area.

Regarding re-letting times, on average, more than 90% of our dwellings are repaired and returned to our allocation section within five weeks at an average cost of €9,000. We have frameworks in place which have provided us with good value for money. There can, however, be significant delays in allocating them, and we have a high rate of refusal of almost one third, which brings me to choice-based letting, on which we are working and which we will have in place by March this year.

We have had a planned preventative maintenance programme in place for the past ten years. In most cases, major upgrade works are carried out on properties with some tenants *in situ*. We also use the opportunity of vacant dwellings to upgrade their condition before re-letting. This can involve rewiring, windows or any other works necessary, as referred to by Mr. Walsh, to provide a home for people. It is about providing a home.

Regarding Senator Murnane O'Connor's concerns about CPOs, we did acquire one property by way of CPO last year and we have initiated a new CPO this year due to anti-social behaviour. We are in the process of starting that.

Chairman: Did Senator Murnane O'Connor have a point of order or a supplementary question?

Senator Jennifer Murnane O'Connor: I know everyone is doing their best, and people are going out thinking there is loads of money, but it is different when one goes into whatever local authority. The witnesses might say there are some vacancies, but we now have what we never had before, namely, homelessness clinics, which are chock-a-block. People cannot find housing, whether rented accommodation or whatever. Most people do not want to go on housing assistance payment, HAP. There are the two stories here. It would be lovely to have people in my local authority to refuse houses because something like six local authority houses were given out last year because none were bought or for whatever other reason. The perception is that money is available and I am delighted to hear that. The witnesses were talking about houses. I will give the committee an example of which I know they are all aware. The grant given last year for local authority houses, that is, for the builds that had to be done, is gone. The local authority has spent more than €300,000, so this year it will go back to the Department to look for an extra €500,000. At least now I can go back and tell those concerned not to tell me no funding is available. I do not mean this in a bad way and I do not wish to be negative all the time but I find myself constantly making representations for people and going back to them to say there are no houses. I know there are 2,500 on our local authority housing list. It is hard

when one then hears that money is available. It is good to know it is available. All of us here, Senators and Deputies, deal with our local authorities. I know we will not get everything and I know we can only get a certain amount of houses, but it is good to know we will now have extra funding coming in. Things are starting to change. I had never seen homelessness clinics until recently. As I said, I was a councillor for nearly 18 years. In the past five years, there have been such significant changes. People are not making the housing list.

I will finish on what I know is probably a different line of comments. The witnesses are falling down on mortgages. I have a massive issue with this and I have said it before. I know the local authorities are not a body of lending agencies but this is where they are falling down. People will buy these houses and do them up. Other options need to be considered as well. I think the repair-and-lease scheme will work, as will the buy-and-renew scheme. I do not know what the uptake will be on the buy-and-renew scheme. It must be teased out. Major issues are not being resolved and work is not being done but, overall, I acknowledge everyone is doing their best.

Deputy Eoin Ó Broin: I have a very quick question and I am sorry to pester Mr. O'Connor but it refers back to the banks. In Deputy Michael Noonan's reply to the parliamentary question - I have it to hand - he referred to Permanent TSB and stated that it had 466 units it had repossessed in stock and that 422 were vacant. Mr. O'Connor has stated the units he is looking at primarily involve AIB and Bank of Ireland. Does this mean he has not been assessing these 422 vacant units? Are they part of what he has been considering or did I hear him right when he said those figures may not be correct?

Mr. John O'Connor: I will have to check with the Minister for Finance on the exact figures put forward. We have not yet looked at any offers from Permanent TSB. We must engage with the bank more. We have been engaging with Permanent TSB a lot on the mortgage arrears side of things but we have not looked at any properties-----

Deputy Eoin Ó Broin: I repeat to Mr. O'Connor on record - I am looking at the reply to the parliamentary question - the Minister states that Permanent TSB has told the Department there were 422 units as of last November vacant and available, so-----

Mr. John O'Connor: We will make immediate contact with Permanent TSB.

Chairman: I have one supplementary question. The rent-to-buy scheme was not mentioned, but I know of areas that are unaffordable for first-time buyers or people who are caught in that they are over the social housing threshold but cannot get mortgage approval. I know, and Senator Boyhan will know, how successful the rent-to-buy scheme we had in Dún Laoghaire was a number of years ago and I know we are considering it again because it was extremely successful. What is the rate of refusal on properties?

Ms Catherine Keenan: In Dún Laoghaire-Rathdown it is in the region of one third.

Chairman: Do the witnesses know the overall average rate throughout the country?

Mr. Michael Walsh: I do not have the figure available here, but it is as high as 50% in some local authorities, varying downwards to 20%, perhaps, so it certainly averages in the region of 30% to 40%, I think. Choice-based letting is bringing about significant improvement in this regard. It varies dramatically from local authority to local authority.

Chairman: If people are being offered properties and the refusal rate ranges from 30% to

50%, regardless of the reasons for refusal, that must have a knock-on effect on the delay in turning over properties.

Mr. Michael Walsh: Yes. For some properties, if there is a second refusal, the process literally must start again. It is important people understand that there are a number of stages to the process. Even in the case of choice-based letting, one must advertise the property for a couple of weeks, offer it, get a response from the people and manage Garda vetting at the same time. This takes a number of weeks, no matter what way one does it. The process must be followed. I am sure Ms Keenan is not there yet, but our experience since we have started choice-based letting is that there has been significant improvement in this context.

Senator Jennifer Murnane O'Connor: Local authorities have bought back many houses in the past year, in fairness to them, and I compliment the witnesses representing local authorities on that. It is very good. Do the local authorities intend to buy back many more local authority housing units? They have bought in both areas: private housing and local authority housing. Will that be a big thing this year? Will local authorities have the money again to buy houses rather than build them? Many houses were bought last year.

Mr. Michael Walsh: We have used acquisitions in the past couple of years. The situation is that money has become available only in the past two years in substance. Historically, in policy and otherwise, this was done through leasing and other measures. Substantial money has been available. We used acquisitions as an instrument to even it out. The reality is that, starting from nought to 60 in terms of development, most projects take two years to go from inception to conclusion, or from when one first had the thought of moving onto a site to the completion of a house on the ground. I think we will see next year and the year after, that we will transition to far more builds. There will still be some acquisitions in the current year and there are still locations in the country where one does not distort the market and one gets serious value for money on purchases. That is generally the situation, but equally we will transition more towards own build, and we estimate we will have 1,500 of these this year and perhaps a further 1,000 in the following year.

Chairman: I thank the witnesses and members for sticking with us because we are well over time, but this has been a very valuable dialogue. As members are aware, the Department of Housing, Planning, Community and Local Government is due to launch its national vacant housing re-use strategy this year. I propose the committee writes to the Minister enclosing a transcript of today's meeting, with our opinions and observations as outlined today to be taken into account in drafting the strategy. I thank the witnesses. Our site visit will be next Tuesday.

The joint committee adjourned at 12.40 p.m. until 9.30 a.m. on Wednesday, 15 February 2017.