

DÁIL ÉIREANN

AN ROGHCHOISTE UM THITHÍOCHT, PLEANÁIL AGUS RIALTAS ÁITIÚIL SELECT COMMITTEE ON HOUSING, PLANNING AND LOCAL GOVERNMENT

Dé Máirt, 11 Nollaig 2018

Tuesday, 11 December 2018

The Select Committee met at 6.30 p.m.

MEMBERS PRESENT:

Deputy Mick Barry,	Deputy Eoghan Murphy (Minister for Housing, Planning and Local Government),
Deputy Pat Casey,	Deputy Eoin Ó Broin.

DEPUTY MARIA BAILEY IN THE CHAIR

Estimates for Public Services 2018

Vote 34 - Housing, Planning and Local Government (Supplementary)

Chairman: As we have a quorum, the committee may commence in public session. I call on members and those in the Gallery to ensure that for the duration of the meeting their mobile phones are switched off as they may interfere with the broadcasting equipment even when on silent mode. The meeting has been convened to consider the Supplementary Estimate for Vote 34, Housing, Planning and Local Government which was referred to the select committee by the Dáil on 28 November with an instruction to report back not later than 12 December 2018.

I welcome the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, and his officials to the committee and propose that the following arrangements shall apply to the debate. The Minister shall make a brief address to the committee after which we can consider the subheads relevant to the Supplementary Estimate. I remind members that in accordance with Standing Order 184 discussion should be confined to the items constituting the Supplementary Estimate. The subheads are A3, local authority housing, C6, local government and other services and D13, which relates to the Land Development Agency. I invite the Minister to make his opening statement.

Minister for Housing, Planning and Local Government (Deputy Eoghan Murphy): I welcome the opportunity to discuss with the select committee this evening my Department's proposed Supplementary Estimate for 2018. I am accompanied by departmental officials, Ms Mary Hurley, Mr. Sean Hogan, Mr. Niall Cussen and Ms Janet Jacobs.

The Revised Estimate for my Department, which was considered by the committee last March, provided for gross expenditure of €3.264 billion this year, made up of €1.633 billion in current spending and €1.631 billion on the capital side. At end November 2018, more than €2.6 billion had been already spent with good progress having been made in using these resources to achieve the objectives set for the various programmes. As we approach year-end, our assessment is that some additional provisions are needed in the Vote to meet essential needs which have emerged in the course of the year. The Supplementary Estimate has three elements, namely additional 2018 capital funding of €120 million; €10 million in respect of recoupment of local authority costs arising from the severe weather earlier this year, and technical provision in the Vote to create a subhead from which payments can be made to fund the operating costs in 2018 of the new Land Development Agency. I have circulated a briefing note on these items to the committee and will simply make some short comments at this point.

More than €1.8 billion has been already made available in the Vote for housing programmes in 2018. In addition, local authorities are funding a range of housing services with €92 million from surplus local property tax receipts, bringing the total housing provision as matters stand to more than €1.9 billion. The Supplementary Estimate before the committee follows through on a commitment in budget 2019 by providing €60 million to fund additional emergency accommodation for rough sleepers and further family hubs to accommodate families experiencing homelessness. Increased delivery of emergency accommodation remains a key priority. While more than 200 new beds were introduced towards the end of 2017 and a further 60 were

introduced in the context of Storm Emma earlier this year, we still have too many people rough sleeping and we need to provide additional emergency accommodation to ensure there is a bed available for everyone who requires shelter. The extra capital allocation will permit the provision of a further 203 permanent beds, and 130 contingency beds, by the end of the year.

The Government is committed to minimising the numbers of families experiencing homelessness who are being accommodated in hotels. Dublin local authorities are working on the delivery of a variety of family hub facilities and further hubs are also being progressed in other areas of the country where required. The €60 million in homelessness-related capital funding will support the delivery of these family hubs, as well as the extra emergency accommodation. In addition, €60 million in capital funding is being provided to meet commitments under the local authority social housing programme. In line with the targets set out in Rebuilding Ireland, local authorities are engaged in large-scale construction activity throughout the country as well as targeted acquisitions where they are viable and appropriate and represent good value for money. The additional funding is required to ensure the costs of the full level of activity expected under the programme by the end of the year can be met. The €120 million in supplementary funding will see the overall housing budget for my Department, including local property tax receipts, increase to some €2.04 billion for 2018. The joint committee's session tomorrow morning on the Rebuilding Ireland update for quarter 3 of 2018 will provide us with a good opportunity to review the progress achieved with this funding in the first nine months of the year.

The second element of the Supplementary Estimate is an additional provision of almost €10 million to meet local authority costs arising from the response to the severe cold weather of February and March 2018, also referred to as Storm Emma. Recoupment of costs is a vital enabler of local authority emergency responses, providing the assurance that availability of resources is not, and will not in the future be, a limiting factor in providing the vital local responses.

We all recognise the exceptional nature of activities carried out by local authorities in responding to these types of emergencies and the fact that the costs of these unprogrammed activities cannot be met from within existing resources. Reflecting this, my Department requested local authorities to prepare and submit claims for recoupment of costs associated with the Storm Emma response. Eligible costs include staff overtime, hire of plant and contractors for snow clearing and road patching, and materials associated with the response. Provision now needs to be made in the Vote to cover recoupment of the local authority costs involved.

The committee will be aware of the background to the new Land Development Agency and of the importance the Government attaches to its success. The committee has met representatives of the agency and my Department.

To support the agency in its early months of operation, I will be providing necessary current funding, of the order of €600,000, from within the Department's existing 2018 budget provisions to meet initial start-up administrative and other running costs. The Supplementary Estimate before the committee today will create the required subhead in the Vote to allow payments to be made this year.

With the additional funding now proposed, the total Vote for my Department will now amount to nearly €3.4 billion in 2018. I am, of course, happy to discuss the details of the Supplementary Estimate with the committee.

Deputy Eoin Ó Broin: I thank the Minister for his opening statement. Unlike the Secretary General of the Department of Finance, members of this committee will not be complaining

about overspend or requests for additional moneys. Our questions are friendly questions on this occasion. I will stick to the Estimates and we will deal with policy issues at tomorrow's committee meeting.

I wish to get more detail on subhead A. The Minister said the extra €60 million would fund 203 permanent beds and 130 contingency beds. On a back-of-the-envelope calculation that is approximately €180,000 per bed, which seems incredibly expensive. Is the €60 million just for those 333 beds? Is it for purchasing properties? Is it for construction? I do not question the spending on emergency accommodation, but €180,000 per bed is a big figure.

Where exactly is that money going? Is it going on local authority new builds or acquisitions? Is it going on approved housing bodies? At the end of quarter 2 the social housing pipeline construction report indicated we were far behind in builds although ahead on acquisitions. Where do we stand in the overall output?

I might have a few short supplementary questions, but those are the main questions at the moment.

Deputy Eoghan Murphy: I thank the Deputy for the questions. We will call it friendly fire for today and we will see what happens tomorrow.

Deputy Eoin Ó Broin: They are friendly questions for today.

Deputy Eoghan Murphy: I will start with the last question first. The quarter 3 report is imminent, by which I mean it is on my desk. As soon as I leave this meeting I will send it to the joint committee once I have signed off on it. We can go into more detail on this tomorrow. It will show increased delivery in quarter 3. As we saw in 2017 we will see that the programme for delivery escalates into quarter 3 and will escalate again into quarter 4. While, obviously, it will not show quarter 4, from the work in the Department's housing unit we have a fair idea of what we can expect to be delivered in quarter 4.

The Deputy asked where that €60 million would go. As noted in the note the Deputy received, we have had essentially a doubling of the number of schemes we now have in this pipeline. That is housing at every stage - coming through for approval, design, planning etc. Part of the €60 million that will be spent this year will be spent on housing that will be delivered next year. It is no secret to the committee at this point that leasing has not performed as we would have liked it to have performed. While that €60 million will go towards build for next year, it will also go towards acquisitions for this year by housing bodies where they see there is stock they should acquire to meet the needs they need to meet. It will also go to acquisitions by local authorities where they see value for money. I am talking typically about counties outside Dublin. There will be acquisitions coming from some bank portfolios where we thought it would be important to bring this back into the stock for social housing. That is primarily where that €60 million will go.

The €60 million for emergency accommodation will go across a range of things. Some of the single emergency accommodation coming online at the moment involves refurbishment for some buildings to provide better heating systems etc. It will also provide for some non-permanent beds. In a location such as Kerdiffstown we plan having a standing emergency facility that gets ramped up or down depending on what is happening. That could be an extreme weather event or contingency for a particular event such as the papal visit - even though it proved unnecessary - or even a devastating accident or other incident that would require emergency facili-

ties. Those moneys will go into a facility that will be used on an off, and into capital works on family hubs.

It is not just the 203 permanent beds or the 130 emergency beds; it is also family hubs that are being programmed but have not come online yet. With some of the family hubs we are trying to get up and running we have fallen foul of a planning condition, fire regulation etc. We will have a family hub programme, but some of the family hubs we plan do not always come online because events mean they fall out of the mix and we need to look for others.

We might as well be upfront in saying we do not publish in advance the locations of emergency accommodation because sometimes, unfortunately, the local community is not receptive.

Deputy Eoin Ó Broin: I have two supplementary questions. On emergency accommodation, is the Minister saying that €60 million will fund more than 333 beds with refurbishment of properties for hubs as well as the permanent beds? Obviously I am not asking for the locations of the facilities, but I want a sense of what we are getting for that €60 million.

I ask about the second part of the €60 million. Obviously the acquisitions performed very well mid-way through the year; they were 300 or 400 above the full-year target at that point. Will more of that €60 million go to acquisitions? How much of it will go on early 2019 expenditure that is required in 2018? The Minister can correct me on this if I am wrong. If there needs to be advance payments in 2018 for a project that is for delivery in 2019, does that then reduce the amount of money needed in 2019 for that project or does it have any bearing on the allocations for next year for those targets?

Deputy Eoghan Murphy: On the emergency accommodation spend, for example, the different capital costs for the Sunnybank hub will come to about €4 million. I recently visited the St Stephen's Green facility run by the Peter McVerry Trust. It will come in at about €1.5 million to provide the beds there. Of course, some of the €60 million has been already spent during the year on the hub programme - we already have more than 20 hubs.

The Deputy asked for the breakdown of the €60 million between acquisitions, and programming and schemes for next year. The trend with increasing acquisitions has continued. If a local authority or a housing body believes there is value for money in making an acquisition which will get someone into a social housing home because that will come into the stock of social housing, it is difficult to tell them not to pursue it within, obviously, reasonable limits. Because we know leasing has not performed as we had hoped so far this year, acquisition is taking up the slack. I do not have to hand the breakdown between acquisitions for this year and what will be in the scheme for next year. We will have a clear sight of that when we discuss what happened in 2018 which we will be able to do in the first month of 2019.

Deputy Mick Barry: Will the extra expenditure needed for family hubs be extra money for extra hubs or the same number of hubs which will cost more and if so why, or will it be a combination of both?

Deputy Eoghan Murphy: We are talking about getting extra hubs with this money. In the engagements I have had with local authorities through the housing summits and the recent housing body summit we had in September, we discussed programming and greater delivery of family hubs. Local authorities will have a programme, as I said in response to Deputy Ó Broin, but, unfortunately, sometimes a hub cannot be realised because a premises cannot be purchased as it ends up not being suitable in the final analysis. This €60 million will help cover the capital

expenditure that has gone into some of the hubs provided this year but it has been also programmed in for future hub delivery that is underway. Therefore, it is both.

Chairman: Does Deputy Barry have any more questions?

Deputy Mick Barry: No, I do not. As I understand it, this is for both extra hubs and for hubs that are costing more than expected. What will be the balance between the extra expenditure on those two elements?

Deputy Eoghan Murphy: It is not that the hubs are costing us more than we would have expected, necessarily. It is just that the money has been already spent and we have moved money across, and now we are seeking this additional Estimate to cover the money that has been already spent. On the breakdown between the money already spent and that to come, we will know that at the end of the year, depending on how things break down. The approach the Department has taken is that where money is needed for emergency accommodation, we make it available. We make it available at the time as we need to.

Where we have regarded money spent as additional capital funding available this year, we have made a request to cover some of those costs, as well as some of the costs that will come in at the end of the year. This money comes from the same subhead as capital social housing spending. It is only at the end of the year that we balance out the costs to see how the money has been spent. To be clear, where a request comes in for money for emergency accommodation we make that available. If a local authority has a site or a building where funds are needed for capital refurbishment, we make that available. We will then allocate it under that subhead at the end of the year.

Chairman: I call Deputy Casey.

Deputy Pat Casey: I am sorry I was late. Regarding hubs, how many is it hoped to provide with the additional funding for social housing? On accelerating the delivery of social housing, how many schemes is it envisaged will be delivered in 2018 and how many units will they deliver in total?

Deputy Eoghan Murphy: Can Deputy Casey repeat that second question please? I am sorry, I did not hear the beginning of it.

Deputy Pat Casey: On the delivery of social housing projects, how many projects are there and how many units is it hoped to deliver by the end of 2018?

Deputy Eoghan Murphy: Approximately 7,900 homes were programmed in to increase the stock of social housing for 2018. As we get to this point in the year, we are trying to ensure we continue to drive delivery as per the targets given for local authorities for 2018. The construction status report provided to the committee this evening will speak more to that and will show that more needs to be done in the final quarter. That is exactly what the housing unit is working on at the moment to ensure we get delivery in line with the targets for each local authority. Regarding other areas, where leasing has not hit what we wanted it to hit, we have made more acquisitions and that speaks to why we have looked for additional funding.

At a minimum, I expect us to hit that 7,900 target for the increase in our stock of social housing. I will be able to tell the committee exactly what was achieved in first month of 2019. This is a priority and that is why an extra €60 million is going to increase the social housing stock from available resources. When we look at other money programmed across to social housing

this year, it is a higher percentage than what was envisaged at the beginning of the year. That is because it is a priority of the Government and the Oireachtas. I expect us, therefore, to at least hit our targets for the increase in social housing stock for this year.

Deputy Pat Casey: How many hubs is it hoped will result from the extra funding?

Deputy Eoghan Murphy: We hope to have 24 hubs delivered by the end of the year, with more in the pipeline. We are currently at 20. About 560 family spaces are being provided at the moment in family hubs and we are seeking to increase that all of the time.

Chairman: I thank Deputy Casey. I call Deputy Ó Broin.

Deputy Eoin Ó Broin: Regarding leasing underperformance, the cost of acquisition per unit is much more significant, on a single year basis, than leasing. There were 2,000 leases in this year's targets and there are just over 2,000 in next year's targets as well. We have not seen the figures, and we will wait until they have been published, but only about 250 leased units were delivered midway through this year. If there is to be a significant shortfall in leases and if acquisitions are to fill that gap, that will result in a major difference in the cost this year. I also presume if leasing is underperforming this year that there is a chance that might affect the distribution of the targets for social housing output between build, acquisition and leasing for next year. Is that the case or is it too early for that decision to be made for the 2019 targets? While the Minister cannot give us the end of year figures, because he does not have them yet, are we looking at leasing being badly off the target of 2,000 at this stage?

Deputy Eoghan Murphy: Acquisition is going to be more expensive upfront but then it is going to be a different carrying cost. A lease is over a 25 year period so it carries in a different way. Notwithstanding that, the capital cost of taking on the acquisition also has ongoing liabilities because it is an asset that depreciates over time. We have had to move money to be able to take advantage of these acquisitions. The leasing programme at the moment is underperforming. We have to consider if we need to make further reforms to the programme to see if it can deliver better for us. We are in the process at the moment, as we finish 2018, of setting targets for each local authority for 2019, as we did for 2018. What we see at the end of the year will then inform how we set those targets in the areas of building, acquisition and leasing. What I will not do is step back from our ambition for building.

Deputy Eoin Ó Broin: On the overall figure of 7,869, at this stage, with the information the Minister has in front of him, is he confident of meeting that target by the end of the year through the different delivery schemes?

Deputy Eoghan Murphy: The target of 7,869?

Deputy Eoin Ó Broin: Yes.

Deputy Eoghan Murphy: Yes, I am. One of the reasons I looked for the extra money was to make sure we would not only reach 7,869 but, hopefully, exceed it.

Deputy Eoin Ó Broin: That is fine. I thank the Minister.

Chairman: Does that conclude questions to the Minister? Would the Minister like to make any concluding remarks?

Deputy Eoghan Murphy: No thanks.

SHPLG

Chairman: I thank the Minister and his officials for attending the meeting.

Message to Dáil

Chairman: In accordance with Standing Order 90, the following message will be sent to the Dáil:

The Select Committee on Housing, Planning and Local Government has completed its consideration of the following Supplementary Estimate for public services for the year ending 31 December 2018: Vote 34 - Department of Housing, Planning and Local Government.

The select committee adjourned at 6.57 p.m. *sine die*.