



**Submission by the Society of St Vincent de Paul to  
Department of Housing, Planning Community and Local Government on  
Rebuilding Ireland Review**

Background to consultation response

SVP's 11,000 members regularly visit individuals and families who are experiencing the stress and challenge of homelessness, overcrowding, rising rents, insecure tenancy arrangements and making do in poor quality and inadequate housing.

The lived experience of those that SVP assists, along with housing and homelessness figures, clearly shows that Ireland remains in the grip of a crisis which shows little sign of abating. Currently, the problem of housing shortage is growing faster than the response, with long term ramifications without a considerably increased action. The objectives of the national strategy to address housing require nuanced description and prioritisation in order to shape the nature of the response based on an accurate diagnosis of the issues.

Rebuilding Ireland highlights the social, economic and environmental aspects of housing. Housing is recognised as a basic *requirement*, but it is also acknowledged that the market on its own will not ensure all households are housed appropriately. Given the current crisis, SVP calls for progress on the establishment of a right to housing, acting on the recommendation made by the Constitutional Convention to the Government in 2014.

**Q 1 Do the above objectives remain relevant and valid and are there other priorities we should also be focusing on over the medium term?**

Alternative overarching objective

It is SVP's view that the overarching objective of Rebuilding Ireland should be reframed as follows: "to ensure the provision of affordable, appropriate, sustainable and good quality housing for everyone in Ireland by 2020, with a minimum output of 30,000 homes per year".

This proposed alternative focuses on an *outcome* measure (housing for all) as well as an *output* measure (number of houses) and articulates an ambitious vision that incorporates affordability, quality and sustainability considerations as well as the number of homes and, importantly identifies a concrete target timeline. This revised objective also implies the need to match the level of housing output with the level of housing need, taking account of ongoing demographic changes including growing urbanisation, an ageing population, smaller average household size and more one person households. Indications are that the current target of 25,000 homes is significantly below what is required. The ESRI presented a revised estimate of demand in July in the range of 30,000-35,000 units per year.

Other objectives and priorities

In addition to this overarching objective, SVP recommend some additions and amendment to the other core objectives as follows:

- addressing the unacceptable level of households and families in emergency accommodation **and eliminate child homelessness**
- ~~moderating~~ **reducing** rental **costs** and purchase price inflation,
- addressing the affordability gap for prospective purchasers,
- maturing the rental sector, **improving quality standards and tenure security**,
- enabling housing to make a steady, supportive and sustainable contribution to ~~economy~~ **society**,
- ensuring a housing delivery model **involving provision by local authorities, housing associations and private developers**, which meets current needs while contributing to sustainable urban and rural development.

### Discussion

Accurate diagnosis of the issues must underpin the development and implementation of a strategy for housing in Ireland. As has been well articulated, the mismatch between demand and supply is at the root of the shortage of appropriate accommodation and consequent lack of affordability. However, a related fundamental problem has been an overreliance on the private market to address housing need, with the recent collapse in social housing output being particularly stark. A record number of households, 91,600, are on the housing waiting list. A further 21,000 have had their 'housing need met' through the Housing Assistance Programme but this does not offer a long-term tenancy. Working households that qualify for social housing increased by 25% from 2013 to 2016.

SVP believes that the housing strategy for Ireland must prioritise increasing the provision of social housing, and reverse the policy of relying on the private rented sector to meet social housing need for low income groups. This requires a significant investment in the development and delivery of homes by local authorities, as well as housing associations. In parallel more effective action is needed to help people acquire secure and affordable accommodation and protect against people losing their homes.

The original Rebuilding Ireland objective of 25,000 housing units per year is insufficient. Similarly, 47,000 social houses by 2021 is entirely inadequate, and only addresses about half of the existing need. A determined and ambitious vision based on the central value of good housing for all can help to bring further urgency and momentum to the pace of implementation.

## **Q2 What further action should now be considered in order to prevent homelessness, to find more permanent solutions for those in emergency accommodation and to help individuals and families to remain living in their own homes?**

### Background

While the particular circumstances leading to individual or family homelessness may vary (such as unsustainable rent increases or inability to afford mortgage repayments; reduction in household income through job loss, family breakdown or bereavement; inability to manage money due to physical/mental ill-health), essentially homelessness comes down to the inability to access or afford suitable housing.

Prevention of homelessness therefore must entail the provision of supports to ensure that households can remain in their current home as a priority. Sustaining tenancies and facilitating people to continue to live in homes despite mortgage arrears are key and the recent developments of Rent Protection Zones, the Tenancy Protection Service (with 3,160 tenancies protected to date) and the Abhaile are welcome in this respect.

However, due to the very severe gap between supply and demand, these provisions need to be strengthened. The reliance on the private rental market to provide social housing has served to increase demand and rents, particularly at the lower end. For tenants in receipt of housing support or otherwise limited ability to pay, and competing against professionals and higher income renters, the costs of rent and rent increases are simply too high to sustain for many.

### Proposals

#### *Tenancy sustainment*

In the short term, in order to minimise homelessness in an environment of undersupply and intense competition in the rental market, SVP has called for **flexibility to increase housing support payments** (HAP, RS, RAS) where warranted in order to allow low income tenants to maintain their home. Recent years have seen an increase in homelessness for primarily economic reasons as rents continue to escalate, leaving many unable to afford secure accommodation. While initiatives such as the Rent Pressure Zone limit rent increases to four percent, this can still be unaffordable for people on fixed and lower incomes or social welfare payments, neither of which are keeping pace with the rise in rents. Without commensurate increases in income or social welfare payments, increases of four percent in rents can still be out of reach for many households.

#### *Rent predictability*

SVP believes that this can be tackled in part by strengthening the provisions around rent predictability and that the timeframes and geographical reach of existing measures should be further extended, and a lower level of rent increase should be permitted. Early indications are that restrictions in rent increase in Rent Pressure Zones (RPZs) introduced in 2016 have had some effect in moderating the sustained escalation in prices for sitting tenants in the relevant areas. However, these measures need to go further. There is a need for **on-going rent certainty**, beyond the three years planned for the RPZs, given the risk of sharp rises at the end of the planned period. This should be linked to initiatives that allow for longer term tenancies and indefinite leases. SVP believes that a **maximum rent increase thresholds should apply to all tenancies across the country** and that this figure should be set taking account of broader factors impacting on affordability and managing rent increases into the future.

#### *Homeless Housing Assistance Payment*

The introduction of Homeless HAP has been a positive initiative and includes elements such as assistance to search for a rental property and provision of a deposit. SVP welcomes the recent

extension of the scheme to Cork (without the discretion to increase payments by 50%). The Society calls for the place finder and deposit aspects of **Homeless HAP to be further extended**, initially to other urban parts of the country.

#### *Housing Assistance Payment and Rent Supplement*

Of significant concern for SVP is that tenants who take the Housing Assistance Payment are no longer able to remain on local authority housing waiting list, as their housing need is considered to have been met. Their housing need however is only being met in the short term via supports in the private rented sector, where security of tenure and affordability remain serious issues particularly for those on low incomes and housing supports. Landlords can cease a tenancy agreement at any point by invoking Section 34 of the Rental Tenancies Act, leaving households struggling to compete with others searching for an increasingly limited supply of accommodation, and the majority of which is also out of reach of HAP and Rent Supplement limits. Further, with HAP tenants, unlike those using the Rental Accommodation Scheme, local authorities have no obligation to find alternative accommodation in the event of a tenancy breaking down, with tenants responsible for securing their own dwelling. SVP calls for **HAP tenants to remain on the housing list** and for **local authorities to be required to provide support** in the event of HAP tenancy breakdown.

In the short term, as RS and HAP continue to be core to government housing policy, SVP calls for **payment limits to be reviewed** on a six monthly basis to ensure alignment with market rents as a homelessness prevention measure, and to protect tenants from having to make unsustainable top-ups.

#### *Tenants of Buy-to-Let properties*

A sizable proportion (19%) of Buy-to-Let (BtL) properties are in long-term arrears and over half of these are in arrears for longer than two years. Where these homes are repossessed by the mortgage lender, tenants are highly likely to lose their home and deposit. In such instances receivers can seek vacant possession without needing to give the required notice, they can request the tenant to pursue their landlord for return of their deposit, and tenants are unable to refer a dispute to the RTB as a lender or receiver are not considered a party to the tenancy. Legislation is required to **ensure that the rights of such BtL tenants are protected**, and that landlords' responsibilities are transferred to the receiver. Further, the Abhaile service to assist those in mortgage arrears should also be made available to people who have buy-to-let mortgages.

#### *Young People*

As acknowledged in Rebuilding Ireland, there is a need for specifically **tailored supports for certain groups who are particularly vulnerable to homelessness**, including young people, and those that are single and care leavers. The number of 18-24 year olds that are homeless has increased by 78 per cent over the last three years. Services are required to support tenancies beyond the initial exit from homelessness in order to be sustainable.

### **Q 3 What further action should be taken to increase both the scale and speed of delivery of Social Housing? Are there new delivery models or mechanisms to accelerate output?**

#### Background

There is an urgent need to increase supply of social and affordable housing and it is SVP's view that this provision should be led by local authorities and the Department of Housing. It is a matter of concern that one year into the implementation of Rebuilding Ireland, the primary vehicle for delivering social housing is HAP, and that government strategy remains to meet almost 70 percent of social housing through the private rental sector. The creation of a HAP tenancy is determined to have met a household's housing need, although it does not provide the tenant with any long-term security and as such, local authority and housing association led social housing needs to be further developed to increase the proportion of social housing beyond the current rate of 10%. Particularly as construction expands, it will be important that delivery of social housing is prioritised.

#### Proposals

##### *Local authority building and acquisition of social housing*

Local Authorities must be positioned and enabled to play a strong lead role in the building and acquiring of social housing with a renewed sense of urgency communicated to local authorities with a corresponding increase in local authority housing staff. There currently appears to be no implications for non-delivery of housing by local authorities. If local authorities are not delivering, a justification in terms of resources, funding etc. should be provided in order for the Department to address issues and take action, including the potential for the Department to explore possible sanctions for non-delivery or national step-in powers.

Although at different times in last century, local authorities have been significant providers of social housing, this has reduced in recent times with a particularly sharp collapse in output since 2010. While approved housing bodies (AHBs) have a significant contribution to make in relation to social housing, local authorities need to be better supported to again become the main deliverers of social housing units. A **review of local authority resourcing and skillsets** should be undertaken with the view to recruitment and/or transfer (from other local authority departments) of housing related professionals to work in housing departments e.g. social workers, architects, planners, engineers etc to address the specific accommodation needs of those that are homeless, people with disabilities and older people. The complexity of housing issues need to be addressed by appropriate professionals.

##### *Part V*

Part V of the Planning and Development Act 2000 is a key mechanism to develop mixed tenure communities, and allows for local authorities to obtain up to 10% of land zoned for housing development at "existing use value" rather than "development value" for the delivery of social housing. SVP believes that the provisions should be reviewed to **increase developers' Part V contributions to a minimum of 20% of the total development**. The Society also calls for an additional 10% allocation towards affordable housing. In the case of NAMA properties SVP argues for 25% contribution towards social housing and commitment to 15% affordable housing.

##### *The role of housing associations*

AHBs also have an important role to play in providing housing and, with supports, can be enabled to increase this provision. For example, further support could be provided to AHBs through the Capital Assistance Scheme (CAS) given the importance of meeting special needs accommodation for those most vulnerable in our society (as of June 2017, 7,600 people with disabilities are on social housing lists nationally). In particular, a **review of approval processes** should be undertaken with a view to streamlining the process in order to expedite delivery. Despite the availability of funds through the scheme, the steps towards delivery are onerous and currently do not meet the urgent demand

requirements. In addition, changes in local authority staff has led to significant delays in processing. As an initial step the call for project proposals should be issued in the first quarter of every year rather than the summer period when holiday season has commenced and resources across disciplines are not available.

#### **Q 4 What additional initiatives or policy tools can best activate housing lands and deliver new housing supply to buy or rent at more affordable levels?**

##### Background

The rate of building and active sites remains too slow. In the first five months of the year, commencement notices were issued for only 7,500 residential properties nationwide.

In early August, the Construction Industry Federation (CIF) released figures showing that work started on €3.9 billion worth of projects in the first half of 2017. Despite the urgent supply gap, this amount is at the same level as 2016 and planning permissions granted have actually decreased since last year. The CIF also highlight access to finance, procurement issues and planning delays that are preventing the efficient and timely delivery of critical construction projects.

As development progresses, it is also necessary to ensure that new developments have mixed tenure type and that all building contributes to an increase in supply of social and affordable housing. In 2016 only 5,280 social houses were built, refurbished or acquired. As of May 2017, 10,072 new social housing units are planned for the coming year. While the increase is welcome, this still represents a significant shortage.

##### Proposals

###### *Vacant site levy*

As of January 2017, each local authority, is required to compile a vacant sites register, capturing lands in the local authority's area that are suitable for housing but are not coming forward for development. This is to be accompanied by the imposition of a vacant site levy (annual charge of 3%) that will come into force in January 2019. As currently proposed, the vacant site levy will only apply to land over 0.05 of a hectare in size.

Some developers appear to be deliberately holding onto land to optimise their return and profit as house prices increase and, given the rapid increases in house prices, the vacant site levy as currently proposed is too low to impose a sufficient disincentive against hoarding. SVP therefore calls for **an increase in the vacant site levy and for its introduction to be expedited**. The scope of the levy should be kept under review in light of the data gathered as a result of the vacant site register.

###### *Local Infrastructure Housing Activation Fund (LIHAF)*

Earlier this year, €226 million was made available to pay for essential infrastructure for big development projects. The intention of the scheme was to encourage the construction of more housing, including housing that was affordable as it was anticipated developers that benefited from the funding would provide affordable housing on the sites. When the Local Infrastructure Housing Activation Fund (LIHAF) was first announced, funding was to be granted to developers who agreed to deliver a minimum of 40 percent of properties at prices 10 percent below the average cost of the market, including under €300,000 in Dublin. This was subsequently changed to allow local authorities negotiate the allocation of affordable housing. SVP calls for the **reintroduction of a guaranteed percentage of houses under this scheme to be made available at affordable prices**, with local authorities having oversight of the housing types that will be built on the land that benefited from LIHAF.

More detail is required in relation to exactly how many affordable homes will be provided on each site that benefit from the fund, which is available across 15 local authorities. As the 34 projects under LIHAF are finalised and commenced, local authorities must secure commitments and deals in relation to the provision of affordable properties from developers. This must be distinct from the 10% commitment to social housing as per Part V.

*Better data on construction costs*

One of the blockages to the building of affordable property is construction cost, including the cost of land. However, there is a lack of detailed data on where the actual costs lie. SVP recommends that the **Housing Agency be tasked with undertaking a more detailed breakdown and data on the costs of construction**, in order to guide policy and legislative decisions to help progress additional housing supply and realise more affordable housing.



## **Q 5 How can we encourage increased supply of rental accommodation and foster a sustainable sector that meets the needs of all tenants across the different rental market segments?**

### Background

One in five homes in Ireland is privately rented, yet this sector is also the most expensive and least secure form of housing, characterised by strong demand but low supply. Approximately one third of tenants in rented accommodation are dependent on some form of state subsidy in the form of Rent Supplement (RS), Housing Assistance Payment (HAP), or Rental Accommodation Scheme (RAS). The small proportion of social and affordable housing and the absence of a cost rental model, present a real structural challenge for Ireland.

As outlined in the Strategy for the Rental Sector we need to build a *“Strong, viable and attractive rental sector supported by a policy and regulatory framework that delivers **long-term affordable** and high quality accommodation solutions to meet **diverse** tenant needs, and **a secure, predictable investment environment for landlords and accommodation providers.**”*

### Proposals

#### *Cost rental model*

The commitment to **develop a “cost rental” option** for lower income households was made in the Rental Strategy, and should be advanced through an expert group as outlined in Rental Strategy. Such a scheme would have the ability to provide rental accommodation at below market rents, and, as the Strategy highlights, to address the affordability gap for certain households between the social housing sector and market rental.

#### *Tax treatment of landlords*

Budget 2017, through the Mortgage Interest Relief Scheme, extended the amount of interest deductible on borrowings on rental properties, with landlords now able to deduct 80 per cent of the interest paid. Where landlords accept tenants on housing support 100% deductibility is available. SVP welcomes the **linking of tax incentives with the provision of social housing**.

However, Budget 2017 also indicated the intention to further increase tax deductibility for all landlords in increments of 5 per cent per year until 2021 without any conditionality attached. SVP believes that **any further tax incentives for landlords should be more closely linked with higher standards** of rental accommodation (e.g. energy efficiency ratings), increased tenure security and tenure length and availability of accommodation for social housing.

#### *Regularising rent-a-room scheme*

A person who rents out a room or flat in their home are exempt from income tax on the amount that their tenant pays for rent and other services, up to €14,000 in a tax year. Such ‘licensee’ agreements are much more precarious as they fall outside of the residential tenancy legislation. In considering such initiatives and incentives, it is imperative that the impact on the tenant is thought through. The **rights of licensees need to be strengthened and brought within the RTB**.

## **Q 6 What further actions should be taken to identify, target and encourage the greater use of existing vacant properties for both social and private housing purposes?**

### Background

Making maximum use of existing housing stock is the quickest way to increase supply in the short term. Census 2016 showed 183,312 vacant properties nationally, including 20,000 in Dublin. Making these appropriate and available for housing must be expedited.

### Proposals

#### *Vacant Properties*

The Repair and Leasing scheme is a key element of the Rebuilding Ireland housing action plan to address vacant properties. The scheme resources private owners to renovate properties for long term leasing to the local authority or AHB. In principle, this scheme is very welcome but in practice it has not yet yielded much new housing. The available funding per house of €40,000 may be too low to bring certain properties back into use (especially in the case of a derelict property) or to incentivise owners. We recommend that there is **flexibility within the scheme to increase the amount made available for home renovations, linked to extended lease agreements**, in order to help meet the target of bringing 3,500 vacant houses into social housing by 2021. Given the slow uptake and difficulty in acquiring properties to date, there should be a review of the scheme to identify shortcomings such as in the areas of funding thresholds, lease term and resources at local authority level to work and liaise with property owners. The findings from the pilot projects undertaken in Carlow and Waterford local authority areas should also be made available to provide learning across other local authorities/AHBs.

Implementation challenges of the scheme also need to be addressed, such as having accurate information and data on a property as to why it is vacant, who owns it, and its state of repair. Confirming property ownership can be a stumbling block to promoting the scheme. In some cases, properties are derelict but not on the derelict site register. In certain instances, SVP believes that local authorities should be granted the option of **compulsory purchase orders** to enable properties brought into use.

#### *Vacant property tax*

Alongside reviewing and revisiting the incentives-based Repair and Leasing scheme, it is important that in parallel, leaving a property vacant over the long term is not without financial consequences. Given the scale of the current housing shortage, SVP believes the government should consider the **introduction of a vacant home tax**. While the tax would have to be carefully designed to ensure that those with genuine reasons for long term home vacancy are not penalised and provide certain exemptions, such an initiative could further support bringing homes back into use including through schemes like Repair and Leasing.

#### *Buy and Renew*

The Buy and Renew scheme provides funds to local authorities to purchase vacant homes and renovate them. For some property owners, this would be a preferable option. Local authorities acquiring properties is also better for ensuring the long-term availability of such units as social housing stock. The Buy and Renew scheme, along with the Repair and Lease scheme, needs to be better promoted and incentivised. One way of helping do this is for local authorities to appoint **Vacant Homes Officers**, who would have authority and access to information to drive these initiatives.

## **Conclusion**

SVP welcomes the review of Rebuilding Ireland. It is clear more effective and ambitious action is needed to help people acquire secure and affordable accommodation and protect against people losing their homes.

In responding to the current housing situation, there is also the opportunity to make provision to prevent the repetition of the boom and bust cycle of the Irish property market and mitigate the risk of future crises. Improved connections across departments and between local authorities and national level are also needed, in order to drive a holistic national approach. Such action will require short-term initiatives combined with a long-term focus. A long-term strategy would further allow for targeted countercyclical interventions in the housing market. The Capital Plan and Ireland 2040, the national development framework that will underpin it, present an opportunity to set out such a long-term perspective and the planning needed.

It is essential that the national housing strategy holds the common good as paramount, acknowledging that this requires proactively working to meet the housing needs of those who cannot compete in the private housing market. This will necessitate the provision of social housing and a reversal of the policy of relying on the private rented sector to meet social housing need for low income groups.