



## **Respond! Housing Association Pre Budget Submission 2013:**

### **INTRODUCTION:**

Respond! Housing Association is Ireland's leading housing charity. We seek to create a positive future for people by alleviating poverty and creating vibrant, socially integrated communities. We do this through providing access to education, childcare, community development programmes, housing and other supports.

### **CONTEXT:**

When devising Budget 2013, Respond! Housing Association is calling on the Government to protect the needs of the most vulnerable. While understanding the need to make difficult decisions, Respond! Housing Association believes that recent budgets have adversely affected the incomes of those who can least afford it, resulting in increased hardship and suffering. The gap between those on higher incomes and those on lower incomes has grown with the overall impact of previous budgets being regressive.

- 15.8% of Ireland's population is at risk of poverty with incomes below €10,842 for a single person or €25,154 for a household of four.
- 29% of all households at risk of poverty are headed by a person in employment while 41% of households at risk of poverty are headed by a person outside of the labour force.
- More than 700,000 persons (including more than 200,000 children) are living in poverty.
- Local Authority housing waiting lists currently stand at 98,318 households or approximately 250,000 persons.
- 435,200 persons are currently on the Live Register (September 2012).
- The total number of persons unemployed currently stands at 308,500, an increase of more than 300% in just 5 years.
- Housing policy persists in operating a scheme of letting priorities which, despite sentiments to the contrary, continues to house dependent households in segregated estates to their cumulative disadvantage and that of the wider community.

It is within this context that Respond! Housing Association is calling on the Government to consider the following:

## SUMMARY OF RECOMMENDATIONS:

### 1. Housing

- Respond! Housing Association believes the provision of funding for a sustainable programme of social housing should be prioritised, including the development of a National Housing Plan.
- Reform of the Rental Supplement Scheme and transfer of responsibility for a new Housing Assistance Payment (HAP) administered by the Department of the Environment, Community and Local Government and Local Authorities, needs to take place without further delay.
- Approved Housing Bodies (AHBs) should be exempt from any proposed property tax.
- The Management and Maintenance Allowance should be maintained at current levels.
- 5% of the capital costs of new build and regeneration programmes should be allocated for social supports, capacity building, community development and family support work spread over the first 5 years of the development.
- Stronger action needs to be taken to urge banks to progress the Mortgage to Rent initiative to assist families with unsustainable mortgages
- Longer term reliance on Approved Housing Body investment in social housing will need sustainable and increased funding for the Capital Assistance Scheme (CAS), Capital Advance Leasing Facility (CALF) and the Social Housing Leasing Initiative (SHLI).
- New-found dependency upon not-for-profit Approved Housing Bodies needs to be more carefully studied and discussed by key stakeholders than what has transpired since the downturn in housing development and provision.

### 2. Social Welfare and Social Support Systems

- Uphold the commitment made in the Programme for Government to maintain social welfare rates at their current levels and not impose any further limitations on access to welfare supports or other benefits.
- The Social Welfare system should facilitate people to move between welfare and work by being responsive and adaptable. Without this, our welfare system will simply continue to create poverty traps.
- The Better Energy Programme should be expanded in order to reduce increasing levels of fuel poverty amongst low income families
- The Personal Insolvency Bill 2012 should be amended to remove the imbalance of power between financial institutions and debtors

### 3. Mental Health and Community Services

- Additional funding to be allocated to mental health and the implementation of *A Vision for Change*.
- Support the recommendation contained in the Interim Report of the Steering Group on the Review of the Mental Health Act that staffing of community services must be prioritised over staffing acute settings.
- Support the pilot programmes of ***Better Being: Improving Mental Health in Low-income estates***, which Respond! Housing Association is pioneering in its estates and for which submissions have already been made to both Ministers Kathleen Lynch and Jan O'Sullivan and also to the Health Service Executive. No support has been forthcoming.

## HOUSING:

### Recommendation 1:

- Respond! Housing Association believes the provision of funding for a sustainable programme of social housing should be prioritised, including the development of a National Housing Plan.

Currently there is no national housing plan that provides a strategic vision for the housing sector in Ireland for the medium to long term. Respond! Housing Association welcomed the Housing Policy Statement released in June 2011 by the former Minister for Housing and Planning Willie Penrose that outlined the vision of the new Government for a housing sector that was based on choice, fairness, equity across tenures and delivering quality outcomes for resources invested. While the statement outlined the damage caused by the Irish housing sector to the overall economy, it did not provide sufficient detail on how the current crisis in private and social housing in Ireland would be resolved.

Respond! Housing Association has continuously called on the Government to research, publish and implement a National Housing Plan. We believe this new national housing plan should be comprehensive and consistent and bring together the many different elements required for any housing policy. These elements to include, among others:

- Private housing (rental and purchase, as well as unfinished developments)
- Social housing (rental and purchase)
- Affordable housing (rental and purchase)
- Planning, zoning and public policy
- The National Development Plan
- The National Spatial Strategy
- Housing related fiscal policies

The lack of a national housing plan by previous Governments has clearly contributed to the crisis we are now in. Previous Governments failed to control the property market through fiscal and planning measures. There was never a joined-up policy that brought together the many different areas that contribute to the provision of housing in Ireland. Respond! Housing Association maintains that any national housing plan should cater to a wide range of income groups, be equitable, fair, sustainable and should be in the common good. Social housing should be a viable, long-term, securely managed and well-resourced source of accommodation: it needs to be developed and promoted as 'housing of first choice' rather than what is often articulated as 'housing of last resort'.

### **Recommendation 2:**

- **Reform of the Rent Supplement Scheme and transfer of responsibility for a new Housing Assistance Payment (HAP) administered by the Department of the Environment, Community and Local Government and Local Authorities, needs to take place without further delay**

Rent supplement was introduced in 1999 as a short term income support but it has now turned into a de facto housing support. Respond! Housing Association believes rent supplement is a poorly designed system which creates poverty traps for those in receipt of the payment. Recipients of rent supplement are prevented from taking up full-time employment as working 30 hours or more means automatic disqualification unless they are on a waiting list for the Rental Accommodation Scheme (RAS) or satisfy other exceptional conditions. This effectively creates a poverty trap as the majority of recipients would be better off on social welfare rather than returning to full employment. Respond! Housing Association believes that the rent supplement system needs to be completely reformed and redesigned so that it does not inhibit the take-up of employment. This reform can only be achieved when the payment is replaced by a Housing Assistance Payment (HAP) and responsibility for its design and administration is transferred to the Department of the Environment, Community and Local Government and Local Authorities.

### **Recommendation 3:**

- **Approved Housing Bodies (AHBs) should be exempt from any proposed property tax**

Respond! Housing Association believes that in line with the exemption from the Household Charge, Approved Housing Bodies should be exempt from any proposed property tax. Along with Local Authorities, Approved Housing Bodies provide housing for those unable to do so from their own resources. Respond! Housing Association believes that the exemption of non-governmental organisations is acceptable on the grounds that they provide socially worthwhile services that the State might otherwise struggle to provide. It is common in many European Countries with property tax systems to exempt charitable organisations, for example the United Kingdom, Germany, Sweden, Austria, Switzerland, Austria, Poland and the Czech Republic amongst others<sup>1</sup>.

### **Recommendation 4:**

- **The Management and Maintenance Allowance should be maintained at least at current levels.**

The management and maintenance of social housing stock by Approved Housing Bodies (AHBs) is possible through the payment of the Management and Maintenance allowance on a yearly basis by the Department of the Environment, Community and Local Government through the relevant Local Authorities. It is critical this allowance is maintained at current levels in order to allow AHBs to properly manage and maintain their housing stock as AHBs receive only a differential market rent which is based on tenant's income and ability to pay.

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<sup>1</sup> *A Survey of Property Tax Systems in Europe*, Richard Almy, 2001.

### **Recommendation 5:**

- 5% of the capital costs of new build and regeneration programmes should be allocated for social supports, capacity building, community development and family support work spread over the first 5 years of the development.

Respond! Housing Association strongly believes that creating communities is more than simply bricks and mortar. We believe that the correct social infrastructure and supports need to be in place in order to ensure communities can grow and prosper and is calling on the Government to ensure that 5% of the capital costs of new build or regeneration programmes are allocated to this social infrastructure.

### **Recommendation 6:**

- Stronger action needs to be taken to urge banks to progress the Mortgage to Rent Initiative to assist families with unsustainable mortgages

The Mortgage to Rent Scheme was announced by Minister for Housing and Planning Jan O' Sullivan in July 2012 as a support for families with unsustainable mortgages. Mortgage to Rent involves homeowners voluntarily surrendering ownership of their home in exchange for a tenancy agreement with a housing association and they will remain in their home as a tenant rather than as an owner. Respond! Housing Association is supportive of this new initiative but is concerned at the barriers that exist to its operation and success, namely banks willingness to participate fully in the scheme.

### **Recommendation 7:**

- Longer term reliance on AHB investment in social housing will need sustainable and increased funding for the Capital Assistance Scheme (CAS), Capital Advance Leasing Facility (CALF) and the Social Housing Leasing Initiative (SHLI)

In order to continue to provide housing to those who cannot do so through their own resources, Respond! Housing Association is calling on the Government to increase CAS, CALF, and SHLI funding. The funding of social housing in Ireland has changed dramatically in recent years with the almost total withdrawal of capital funding for family social housing. Respond! Housing Association believes the supply of new social housing will virtually stop if further cuts are made to the remaining funding mechanisms.

Respond! Housing Association believes that the Department of the Environment, Community and Local Government has not made a realistic assessment of the balance-sheet capability of the AHB sector in relation to their ability to sustain substantial borrowings to meet the significant funding requirements of housing provision in the short term and in the long term. Apart from the obvious risk factors associated with long-term borrowing, charities must also contend with the prescriptions of the Charities Act which forbid any such risks to the assets of charities, and holds directors both personally and corporately liable in the event of such risks coming to fruition.

### **Recommendation 8:**

- **New-found dependency upon not-for-profit Approved Housing Bodies (AHBs) needs to be more carefully studied and discussed by key stakeholders**

It is assumed that Approved Housing Bodies can take up the slack created in the provision and management of social housing by the withdrawal of local authorities from these responsibilities. The roles and understandings of local authorities and of AHBs have not been fully assessed in relation to these tasks. A further assumption is being made that the systems and economies of housing management can be easily transferable from other jurisdictions without paying corresponding attention to the income and cost parameters within which these jurisdictions operate. More attention needs to be given to the quite substantial legislation which now underpins AHBs as charities. The increasing interrelationship between the various housing sectors – the local authority sector, AHB sector, the private owner occupier and private rented sectors – all of these need to be more fully explicated. These considerations, among many more, can only be truly assessed in a Housing Green Paper. Greater and well-researched creativity based upon agreed housing policies and programmes is essential if we are to move our national housing systems forward. To that end, Respond! Housing Association proposes that the Government sets aside an adequate budget to engage Independent Housing Consultants to compose a Housing Green Paper wherein all the substantial issues facing us currently can be addressed.

## SOCIAL WELFARE and SOCIAL SUPPORT SYSTEMS:

### Recommendation 9:

- Uphold the commitment made in the Programme for Government to maintain social welfare rates at their current levels and not impose any further limitations on access to welfare supports or other benefits

In order to deliver on the commitment to protect the most vulnerable, social welfare rates need to be maintained at current levels. The basic social welfare rate currently stands at €188 which is almost €20 less than the adult poverty line (€207.94). While the Government maintained basic social welfare rates in Budget 2012, cuts to other benefits and secondary supports and changes to certain eligibility criteria have had a damaging effect on low income families. Cuts made in Budget 2012 include cuts made to child benefit, rent supplement, fuel allowance and the domiciliary care allowance amongst others. Those in receipt of social welfare, out of necessity, spend all their income in the local economy so reducing social payments also has a negative economic impact on local businesses.

### Recommendation 10:

- The Social Welfare system should facilitate people to move between welfare and work by being responsive and adaptable. Without this, our welfare system will simply continue to create poverty traps.

### Recommendation 11:

- The Better Energy Programme should be expanded in order to reduce increasing levels of fuel poverty amongst low income families

Respond! Housing Association is concerned at increasing levels of fuel poverty in Ireland, particularly among vulnerable and low income households. The cost of fuel has increased dramatically over the past number of years and approximately 400,000 payment plans were entered into in 2011 by households who were struggling to meet the rising cost of energy. We are calling on the Government to increase funding for the Better Energy Programme – Ireland's national upgrade programme to retrofit building stock to high standards of energy efficiency. Respond! Housing Association is calling for an additional €3 million to be allocated to the Better Energy Programme with the ultimate aim of reducing fossil fuel dependency, running cost and Greenhouse gas emissions.

### **Recommendation 12:**

- **The Personal Insolvency Bill 2012 should be amended to remove the imbalance of power between financial institutions and debtors.**

There is an increasing mortgage arrears crisis in this country with almost 130,000 households in some form of arrears and a further 40,000 households who have had to restructure their mortgage due to financial difficulty. However, mortgage arrears is not the only personal debt people are currently coping with as credit card debt, hire purchase debt, overdrawn accounts and personal loans are also contributing to high levels of personal indebtedness in Ireland. While welcoming the publication of the Personal Insolvency Bill 2012 and seeking its swift introduction, Respond! Housing Association believes the Bill needs to be amended as it currently relies too much upon the financial institutions to behave in a fair and rational manner. The Bill leaves the ultimate decision making in the hands of creditors through the use of veto and Respond! Housing Association believes a rebalancing of power needs to take place.

However, it is vital that the Personal Insolvency Bill is amended and enacted without further delay in order to assist struggling families living under the cloud of debt. Only in doing so can they return to full economic activity.



## MENTAL HEALTH AND COMMUNITY SERVICES

### Recommendation 13:

- Additional funding to be allocated to mental health and the implementation of *A Vision for Change*

While mental health problems can affect anyone across every section of society, if you live in poverty or are on a low income, you are more likely to experience difficulties. Research has indicated that common mental illnesses are twice as frequent among the lowest income groups compared to the highest<sup>2</sup>. The vicious circle of mental health means that poverty is both a major cause of poor mental health and a potential consequence of it<sup>3</sup>.

*A Vision for Change* advocated a community based framework for mental health services, incorporating the recovery model. The community based services envisaged in *A Vision for Change* included offering a holistic range of supports and included staff from a range of specialist disciplines including clinical psychology, mental health nursing, occupational therapy, psychiatry and social work. However, since *A Vision for Change* was launched 6 years ago, implementation has been slow and the level of funding allocated has been insufficient. It is ironic that at a time of increasing stress and anxiety for families, there are fewer resources to tackle the problem. In 1986, 13% of the health budget was allocated to mental; in 2010 this figure stood at just 5%. While welcoming the additional allocation of €35 million in Budget 2012, Respond! Housing Association believes a higher percentage of the health budget needs to be allocated to assist those with poor mental health.

### Recommendation 14:

- Support the recommendation contained in the Interim Report of the Steering Group on the Review of the Mental Health Act that staffing of community services must be prioritised over staffing acute settings

### Recommendation 15:

- Support the pilot programmes of ***Better Being: Improving Mental Health in Low-income estates***, which Respond! Housing Association is pioneering in its estates and for which submissions have already been made to both Ministers Kathleen Lynch and Jan O'Sullivan and also to the Health Service Executive (HSE). No support has been forthcoming to date.

Respond! Housing Association in its McKeown Survey of 2008 discovered that up to 30% of lone parent mothers on our estates were suffering from significant mental health problems. Among their children there was also an incidence of some 23% suffering also from mental health difficulties.

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<sup>2</sup> *Mental Health and Social Inclusion*, National Economic and Social Forum, 2006

<sup>3</sup> World Health Organisation, Regional Committee for Europe, Fifty-third session, Vienna, 8-11 September 2003, cited in *A Vision for Change*

Confirmation of this phenomenon regarding lone-parent mothers was provided in the national Slán Survey of 2007, by the Department of Health. This found that women in the lower socio-economic classifications (SC 5-6), with no earned income and educational attainment are more liable to suffer from mental illness than most of the population. Respond! Housing Associations, like all social housing organisations, takes most of its residents from the local authority housing lists on the basis of the Scheme of Letting Priorities: this fundamentally dictates that most of our residents will tend to be lone-parent mothers of this cohort. Currently, we have some 60-70% of lone parent mothers as heads of households in our estates.

Subsequently, by direct befriending action in the South East, and trained and overseen by a Clinical Psychologist, Respond! Housing Association was able to identify those families with mental health difficulties in seven of our pilot estates. We found that, in fact, the number corresponded to 34% of the residents.

We have presented a programme to Ministers Kathleen Lynch and Jan O'Sullivan and to the HSE setting out how we are ready and able assist in the implementation of the *Vision for Change* within our communities. Recently, in a National Conference in Cork, we launched our Mental Health programme called ***Better Being: Improving Mental Health in Low-income estates.***

We are seeking assistance and support from the Ministers and the HSE in regard to two initiatives:

- A further indepth study to be undertaken in two local authority areas in respect of the mental health of their residents. Dublin City Council and a rural Local Authority have agreed to assist us in this regard, provided we receive funding and support from the respective Minister: neither of the Ministers have indicated that it is their department which is responsible! The figures that we have shown give a clear indication that we might expect local authority households to show evidence of mental illness in some 17,000 to 20,000 families. In the light of increasing anti-social behaviour reports and the blight of drug abuse in social housing estates, it is likely that mental health issues are a widesprad underlying phenomena. Leaving them unknown and unattended to will build up a longer term and more intractable problem.
- That the Ministers, from whatever Department which takes ownership of the social housing mental health problem, support Respond! Housing Association in its befriending and community therapeutic model of mental health under its ***Better Being*** remit: a full and detailed programme is available to the reader on request.

**CONCLUSION:**

Respond! Housing Association is making this submission at a very difficult time for all people residing in Ireland. We are aware of the difficult decisions facing our elected representatives but we ask that the poor, the vulnerable and those suffering hardship are not unfairly affected. Respond! Housing Association is calling on the Government to make choices that will address the growing levels of poverty, inequality and social exclusion in Irish society and implement an alternative approach.

**For further information on anything contained in this Pre Budget Submission, please contact:**

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