
building **homes**,
improving lives



Respond Pre-Budget
Submission

Budget 2019

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RESPOND VISION

Every family and individual in Ireland will have high-quality housing as part of a vibrant and caring community.

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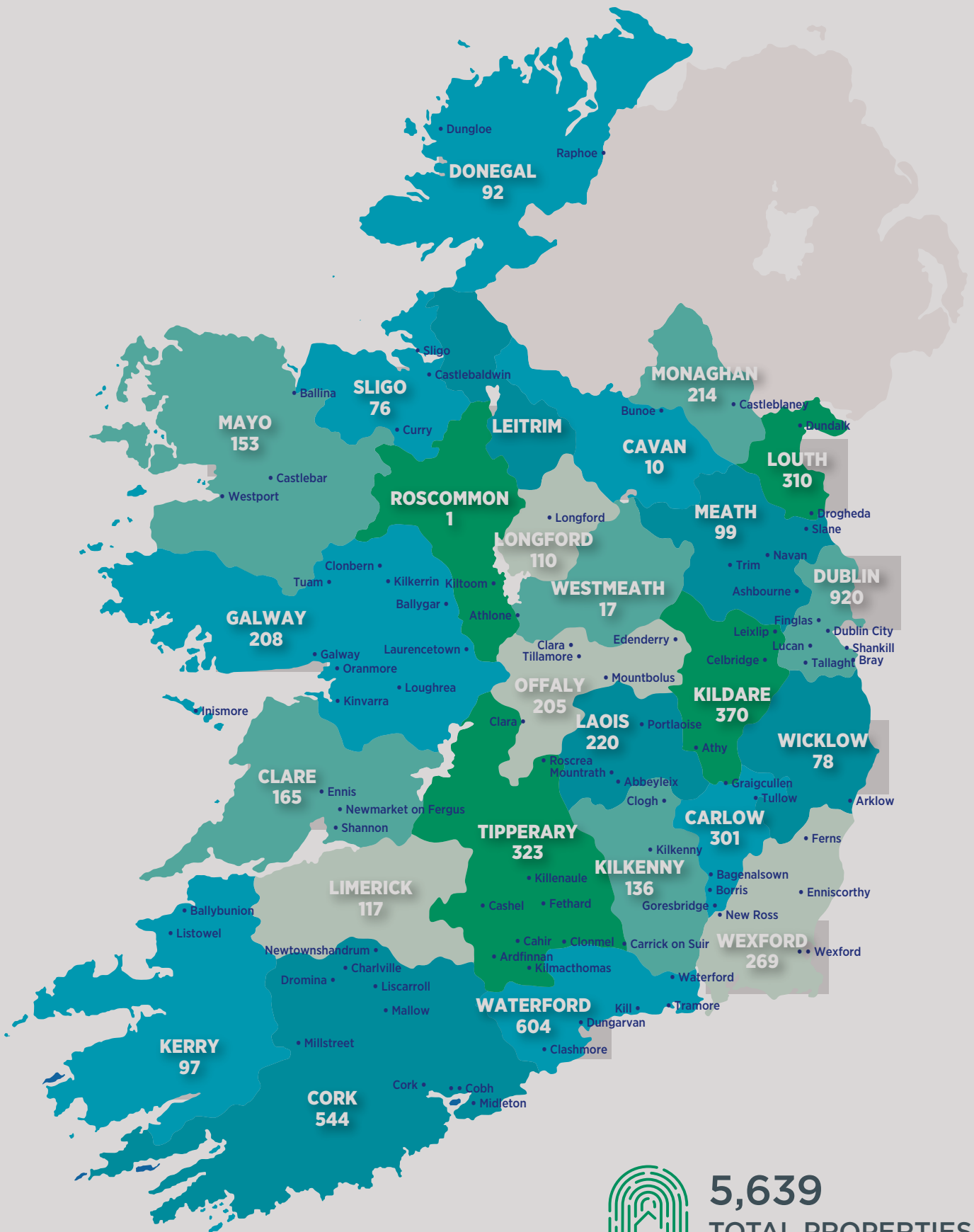
RESPOND

Respond, as a not-for-profit housing association, is committed to playing our part in addressing Ireland's current housing and homelessness crisis. Over our 36 year history, Respond has built 5,639 social homes and currently manages housing for 8,717 tenants. In the past two years, Respond has opened 3 Family Hubs in Dublin to provide supported temporary accommodation for homeless families who otherwise would be in commercial hotels, B&Bs or other unsuitable spaces.

Our mission is to expand and improve the housing services we provide, all the while maintaining our focus on the alleviation of poverty. We strive to contribute to an Ireland where everyone can have a home to call their own and where individuals, families and communities are empowered to reach their full potential.

We work in partnership with central Government, local authorities, private developers and sister Approved Housing Bodies and housing charities.

Building homes



5,639
TOTAL PROPERTIES
BUILT BY RESPOND
as at 2017

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In order for Respond and the Approved Housing Body (AHB) sector to deliver the 15,000 homes planned for under *Rebuilding Ireland*, we have identified obstacles to delivery and offer a number of solutions to help address these barriers. In addition, in our capacity as operators of Family Hubs, we offer suggestions to improve the lives of families in Hubs and as to how families might be enabled to move-on from Hubs to more permanent accommodation.

The inter-related crises of housing and homelessness represent the single greatest domestic threat to Ireland's economic growth, to our competitiveness and most importantly to our social cohesion and the potential of the next generation.

Respond housing believes that Budget 2019 should be the Budget that recognises that the building of social and affordable housing, in the context of an active land management strategy by the State, should be the primary focus.

Budget 2019 – the social housing budget

Currently, social housing by local authorities and AHBs comprise 9% of the Irish housing sector.

This figure is very low by European standards, for example, the Netherlands, Austria, Scotland and Denmark all have more than 20% of their people living in social rented accommodation.

Notwithstanding the necessity to house our people, a larger % of social housing would also in the longer term act to ensure the private property market cannot overheat or underperform becoming one of the main drivers as well as results of a 'boom bust' cycle. Increasing the overall proportion of social housing is a bulwark against external shocks and is increasingly the hallmark of advanced democracies.

Overall policy recommendation: Government should set targets and plan for not simply an increase in the number of social homes in Ireland but also an increase in the proportion of social homes in the economy vis a vis private rental or private ownership.

Measures to increase social / affordable housing supply

Increase capital investment

That the capital budget for Housing be significantly increased and that there be a focused increase for social house building as distinct from current expenditure on the Housing Assistance Payment (HAP) scheme.

Announce a national affordable rental scheme

There is an urgent need for Government to announce and provide a subsidy for those AHBs and Local Authorities engaged in the building of cost rental homes. There will always be a shortfall between the amount required to build and maintain a house / apartment over its lifetime which cannot be recouped via social housing rents. The Government must establish a subsidy scheme in order for truly affordable homes to come on-stream for the portion of the population who do not qualify for social housing but who are equally unable to access private financing. The problem of this 'squeezed middle' in housing must be addressed.

Provide state-owned lands or serviced sites to AHBs for development

Land costs are by far the greatest single factor in the viability of a housing project for an AHB. If state-owned lands were provided to AHBs this would vastly reduce the overall build-cost enabling AHBs to significantly increase their social house-building pipelines and plans.

Restore Part V to 20% of any new housing development
Restoring Part V to its original 20% (before the reduction to 10% in 2015) would mean that all new private developments would have to be at least 20% social or affordable homes as part of the mix, subject to the need for same being established by the relevant Local Authority. There should be no option for developers to buy-out or in any other way secure a derogation from this obligation. Restoration of the 20% social or affordable provision on developed sites would also have positive impact on tenure mix, as envisaged in Rebuilding Ireland.

Increase the Vacant Site Levy

Residential development land increased by 14% in Dublin in 2017 and by 14.5% in the rest of Ireland. This means that under the existing Vacant Site Levy, landowners are still making money by sitting on or hoarding much needed development land. The Vacant Site Levy needs to be increased by greater than the increase in the price of land to be the true incentive to development / disincentive to hoarding that it can be. The Vacant Site Levy could be calculated at +2% the increase in the price of land in that area for the previous year as an 'accelerator tax' and thereby achieve its policy aims or the Vacant Site Levy could be set at 15% as an 'emergency measure' in order to tackle the current supply crunch.

Reduce VAT on social housing

In order to reach the Rebuilding Ireland targets for social housing, we propose a VAT reduction on materials and services for renovating / reusing existing housing stock for social housing use from 23% to the lower rate of 14.5% which would have an immediate positive impact on the delivery of social housing.

We support industry calls for a reduction of the VAT rate from 13.5% to 9% on new housing units up to a selling price of €300,000.

In order to achieve stated targets, we argue that VAT on all new social homes should be set at 0% for the duration of the housing emergency.

Waive developer contributions for social housing developments

Developer contributions to new housing developments vary from local authority to local authority. In our experience, developer contributions by ourselves as the AHB can make the acquisition of new housing units cost-prohibitive for the social housing provider. To that end, we recommend that developer contributions be waived when the development is social housing or for that part of the development that is social housing.

Return to vastly cheaper state-operated certification of buildings

The self-certification process of building control, the Building Control Amendment Regulations (BC(A)R)5, which has been in place since 2014 is greatly adding to the cost of building while ensuring no significant additional safeguards for building control. Estimates for the increased costs of BC(A)R run to an additional €25,000 per typical property. This is in comparison with a centralised system of building control in Northern Ireland which costs approximately €200 e.g. the old Clerk of Works. The BC(A)R system requires an urgent cost-benefit analysis including a study of building control methods and cost in other jurisdictions. A system of building control that is many times more expensive in the Republic than in the north of Ireland is not sustainable.

Unlock derelict properties with increased investment and reformed 'Repair and Lease' scheme

Currently, there are up to 32,000 housing units which are vacant but uninhabitable. We welcome the Government's 'Repair and Lease' plan which would allow for grants up to a maximum of €40,000 for AHBs and landlords to refurbish the property to put it back on the rental market.

However, we believe that a cost per-square-metre would be more effective method in terms of calculating and assisting in the refurbishment of these houses. Given the high level of regulation (fire, etc.) and building control required, €40,000 may not in fact be near enough to make certain properties habitable depending on the length and level of dereliction and disrepair. In order to unlock these houses as habitable dwellings, the 'Repair and Lease' grant should be based on a cost-per metre of the order of €1,200-€1,500 a metre and should be at least 50% of the costs required. A sum of €500 million could potentially bring back into use some 10,000 of these units much quicker than new building, while at the same time creating much-needed construction employment at the SME level.

Introduce Site Value Tax

In order to make better use of our existing national housing stock and available land, to free up zoned land for development, to discourage the hoarding of land by developers and to encourage the revitalisation of our cities, towns and villages, we support the introduction of a Site Value Tax (SVT). This kind of taxation will incentivise improvements to properties such as refurbishment or energy upgrades unlike the current Local Property Tax (LPT) which punishes homeowners for improvements resulting in increases to the value of their property. A Site Value Tax rewards those who use the land well and penalizes those who fail to use the scarce resource that is land. This tax would be applicable to all land other than agricultural land and initially land subject to commercial rates. If implemented fully, the Site Value Tax could act as the funding base for local government to fund services and amenities in the locality. A Site Value Tax at 2% could replace the LPT, increase the funding to local government as well as the public policy benefits outlined above.

Announce pathway to take AHBs off the State's balance sheet

The recent reclassification of Tier 3 AHBs as on-balance sheet has the potential to act as a severe brake on the ambitions of housing associations. In a time of dire housing need, further burdening the State with debt which was heretofore private will, in time, curtail the ability of AHBs to deliver on stated targets and pipelines. The AHB sector calls on the Government to prioritise reclassification so that AHBs can continue on a sound financial footing.

Budget 2019 – the social housing budget

Build more Family Hubs and ensure that they can be turned into social housing when crisis abates

Family Hubs are facilities of Supported Temporary Accommodation where homeless families can stay in a safe and caring setting, with qualified social care staff and individualised care plans. The staff of Family Hubs assist the families in moving on to more secure tenancies, in many cases via the Housing Assistance Payment (HAP) scheme. However, there are still those families residing in entirely unsuitable commercial hotels, B&Bs and other unsafe locations. Building more Family Hubs is necessary in the short-term but the Government should ensure and stipulate that once the current crisis has passed that these units can operate as low-cost rental accommodation for older people or those who require supported accommodation.

Create a 10-year lease system under HAP where families avail of Outreach programmes

Some families are reluctant to move from Family Hubs to HAP properties as they deem these properties inherently insecure. What must be avoided is a scenario that families exit Hubs to HAP properties but then end up losing that tenancy and return into the homeless system. 10 year leases for those exiting Family Hubs would provide the much-needed security for families that they will not have to continue moving and / or be subject to a 'revolving door' scenario in relation to Hubs.

Respond is piloting an Outreach Programme to help ensure that families, once they move from Hubs, have the capacity to manage the tenancy. A landlord signing up to a 10-year lease with the family will be guaranteed Exchequer income for 10 years and can gain some comfort that the families are still supported via Outreach from a reputable housing provider / housing charity.

Measures to tackle homelessness / improve the lives of homeless families

Resource Hubs to provide on-site childcare for parents and educational supports for children

The vast majority of homeless families are single-parent families, oftentimes the mother. Child protection policies dictate that children cannot be left unattended in Hubs. However, single parents in particular need assistance with childcare for their own respite but also importantly, in order that they can view and secure their move-on property. On-site childcare would greatly improve the mental health of parents with the attendant benefits for the development of the child.

Greater investment and staff to deal specifically with children's needs, in concert with the Department of Children and Youth Affairs as well as the Department of Education, will help ameliorate the worst effects of homelessness on child development, educational attainment and overall family functioning.

Provide transport / higher value LEAP cards for homeless families

Increased resources for families in Hubs around necessary modes of private transport or LEAP cards for all families, regardless of whether the children are school-going, will facilitate families travelling to viewings of potential move-on properties and also help the families carry out both necessary (shopping) and recreational travel.

Expand Outreach pilot to fully-fledged Outreach scheme in all Hubs

Provision of a properly-resourced Outreach scheme will enable families to maintain some of the support they had while in a Hub, when they have moved on to their next property. This will enable maintenance of tenancies and act as an early-warning system where problems may begin to arise.

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