

**Pre Budget
Submission
2023**

**building
homes,
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Priority Actions for Budget 2023

We call on Government to consider the following recommendations for Budget 2023

A sustainable supply of social and cost rental homes

1. **Enhancements and Improvements to Capital Advanced Leasing Facility (CALF) funding**

The current review of the structure and operation of Capital Advanced Leasing Facility (CALF), has been accelerated to report in Q3 2022, which is very welcome. The review will take account of the more recent viability issues that have arisen due to inflationary pressures and should consider the following:

- Introduction of some grant based funding to complement CALF loan finance.
- Extending the length of the loan term; reducing the CALF interest rate and; increasing the Payment and Availability (P&A) agreement rate up to 95%.

These will help address the viability issues in social housing delivery and would be similar to previous models that were in place in Ireland in the past.

2. **Refine the Cost Rental Equity Loan (CREL) scheme to improve viability**

Cost Rental Equity Loan (CREL) funded schemes require varying levels of equity from Approved Housing Body's own reserves. This is not a viable and replicable model for the increased delivery of future cost rental homes. Ways the viability of the scheme could be improved include:

- Converting CREL funding from a loan to grant and/or a combination of both would alleviate the pressure on gearing ratios and minimise future debt repayment obligations. Ultimately, this will allow Approved Housing Bodies to facilitate viability of larger schemes and deliver more social and affordable homes.
- The funding model should be flexible to facilitate future increases in costs including interest rates between the time of initial application and the completion of the scheme.

3. **Tailored funding to increase housing supply in non-urban areas**

The current model of funding requires tailoring to facilitate housing delivery in non-urban areas and support sustainable developments and communities. We recommend:

- Additional grant funding to complement any shortfall in viability arising from debt funding through CALF and Payment and Availability (P&A) funding and/or;
- An increase in the agreed level of P&A agreement applied, to meet the Debt Service Cover Ratio, so that schemes return a positive cash flow.

4. **Facilitate land supply and acquisition for Approved Housing Bodies**

- Create a separate funding mechanism for site acquisition by Approved Housing Bodies. This could be done by extending the Croí Cónaithe fund to Approved Housing Bodies developing social and cost rental homes.
- Public and State lands could be made available to Approved Housing Bodies for the delivery of social and affordable homes. This will help speed up housing delivery and keep costs of construction down.

Maintaining quality homes and services

5. **Increase the funding for deep retrofitting of social and affordable homes**

- Increase the percentage of grant available to Approved Housing Bodies and social housing tenants up to 100%, similar to that provided to Local Authorities, to target those homes and households most in need of these retrofitting works.

<p>6. Mica and defects redress Schemes</p> <p>We welcome the inclusion of AHBs in the redress scheme to be introduced under the <i>'Remediation of Dwellings Damaged by the Use of Defective Concrete Blocks Bill 2022</i>. This scheme should be:</p> <ul style="list-style-type: none"> • Introduced without delay and should fully cover all costs incurred in remedying mica and construction defects. Claims should not be time limited. • Developed in partnership with Approved Housing Bodies to ensure it is easy to access and administer, and addresses all relevant issues.
<p>7. Review the funding model for Capital Loan and Subsidy Scheme (CLSS) properties</p> <ul style="list-style-type: none"> • Replace the model of funding for CLSS properties with a sustainable financial model that covers the actual costs of managing and maintaining homes over their lifetime. Increase the Management and Maintenance Subsidy by at least €1,000 p/a up to the expiry of the loan term and/or; • Provide for a Payment and Availability (P&A) agreement, such as that in place for properties funded under the CALF scheme mentioned above.
<p>8. Differential rents</p> <ul style="list-style-type: none"> • Whilst we agree the timing for completion of the <i>Housing for All</i> action 5.1, 'to reform the Differential Scheme' might be best delayed, it is a significant issue that requires a considered review. We ask that such a review is not delayed further. • Approved Housing Bodies should be included in this review process, given the significant impacts of any future rent system on the long term sustainability of the properties and the overall viability of the AHB sector.
<p>Investing in communities and pursuing social justice</p>
<p>9. Housing First Pilot for Families</p> <ul style="list-style-type: none"> • Allocate funding to pilot Housing First for Families who have additional support needs to reduce the time spent in emergency accommodation. • Ensure families can access any required wraparound supports to maintain their new home.
<p>10. Supporting families, children and young people in homeless services</p> <ul style="list-style-type: none"> • Provide the additional financial resources to ensure all children and teenagers living in Family Homeless Services have equal access to the services of a Child and Youth Development Worker.
<p>11. Assessing needs of children with additional needs</p> <ul style="list-style-type: none"> • Ensure financial provision for all 'Assessments of Need' take place within acceptable timescales. • The supports children require must be put in place immediately following assessment. It would be welcome to see commitments to timelines and targets for delivering on this.
<p>12. Funding for improved access to Early Learning and School Age Care (ELSAC)</p> <ul style="list-style-type: none"> • Increase core funding, taking into account both inflation and any agreed sector pay scales. • A refocus on the National Childcare Scheme (NCS) is required that encompasses both universal and targeted subsidies and a national communications plan to promote the NCS to all parents. • Extend the Access and Inclusion Model (AIM), beyond the ECCE scheme so that children who require additional supports can access them as early as possible.

13. Cost of living

Given the cost of living crisis is disproportionality impacting low income families and those already living in poverty it is essential that Budget 2023 includes some measures to address this for immediate implementation including:

- Increase core social welfare rates ahead of projected inflation to protect households on low incomes and those on fixed incomes against the rising cost of living.
- Provide additional resources for households that are furthest behind i.e. disabled people and their families, one parent families, children, and older people living alone.
- Ensure low-income households can meet unexpected expenses by improving the adequacy of and accessibility to the Additional Needs Payment Scheme¹. Resources should also be invested in frontline services to reduce wait times for application and processing.
- Ensure the Fuel Allowance is set at an adequate level. We support the St Vincent DePaul in their call for Fuel Allowance to be paid for 32 weeks and to increase the weekly amount by €15 (in line with home energy inflation) to a weekly amount of €48.
- Improve the targeting of supports for people at risk of energy poverty. Currently, households in work and on low pay receive no support for energy costs. Budget 2023 should extend the Fuel Allowance to recipients of the Working Family Payment (WFP).

About Respond

Respond, an Approved Housing Body and service provider, has been working all around Ireland for 40 years. Our vision is that every family and individual in Ireland will have high-quality housing as part of a vibrant and caring community. Housing and decent accommodation, in the areas where people want to live, are central to improving people's lives and enhancing the health and well-being of society.

14,144 tenants live in 6,443 homes across the 26 counties that we either own or manage; of these, there are 5,536 Respond social housing tenancies. Respond also provide a range of services for families and individuals within our communities. This includes emergency accommodation with 24/7 support for families who are homeless in six Family Homeless Services, three Day Care Services for Older People, 17 Early Childhood Care and Education, Family Support and Refugee Resettlement services. Our aim is to provide person centred services to support people to achieve their goals and reach their full potential.

Approved Housing Bodies (AHBs)

Approved Housing Bodies are not-for-profit organisations that have a social purpose to provide for people's housing needs by working in close co-operation with the Government, local authorities and relevant agencies. In particular, Approved Housing Bodies work in partnership with local authorities to support the provision of housing and, in many cases, additional supports. They provide affordable rented housing for people who cannot afford to buy or rent their own homes.

¹ 'Additional Needs Payment (2022) Department of Social Protection. Accessible at: <https://www.gov.ie/en/service/4eb45-additional-needs-payment/>

Introduction

Ireland is amid a housing crisis; population growth has far outstripped the supply of housing for several years and affordable housing is out of reach for many. Early predictions regarding the effects of the pandemic suggested that rising unemployment and the unpredictable nature of the pandemic on incomes would cause falling house prices. However, the opposite effect is now in evidence. Commentators have signalled that this ‘double precarity’ within the labour market and in housing options will mean that ‘pre-existing inequalities will be intensified’ and potentially new ones created². It is those on the lowest incomes, already at risk of poverty and finding it difficult to access suitable, secure, affordable housing that will be squeezed further.

According to the Parliamentary Budget Office (PBO Publication 34, 2021),

“The chronic undersupply of accommodation over the last decade combined with rising wages and a growing population has resulted in a shift in demand for dwellings causing both house prices and rents to increase substantially. This surge in prices has made housing unaffordable for many, leading to a decline in homeownership rates from 78% in 2007 to 68.7% in 2020.” (p2)³

A more recent report from the Parliamentary Budget Office (PBO Publication 1, 2022) states that rents have been rising at an average rate of 5.3% per year from 2011 to 2020 and outlines the extent to which housing affordability is affecting people in Ireland. The reports states *“Demographic International Housing Affordability Survey price to income ratio classes anything over 5 as “severely unaffordable”. Nationally, the price to income ratio is 6.4.”*(p1⁴).

The high rate of inflation and the rise in the cost of living is also putting a significant cost burden on households. The latest figures published by the Central Statistics Office (CSO) show the annual rate of price growth in the Irish economy was 7.8% in May 2022, mainly due to higher energy, fuel and grocery prices⁵. Electricity, gas and other fuels were up by 45% year on year, with home heating oil showing a significant rise of 90%⁶. In addition, annual inflation for building and construction materials was running at 18.2% in April 2022, where annual inflation for some materials such as metal and wood ranged between 50% and 60%⁷. This all contributes to property prices remaining high.

These combined effects are pushing more people into deprivation, exclusion and poverty. Families and children on the lowest incomes, and specifically lone parent families, are disproportionately affected.

A recent report by Barnardos (2022), analysing the cost of living crisis and its impact on children, found that the impact is felt most by households with low incomes:

² Byrne, M. (2021) The impact of Covid 19 on the private rental sector: emerging international evidence. Pubic Policy.ie. Accessible at: <https://publicpolicy.ie/perspectives/the-impact-of-covid-19-on-the-private-rental-sector-emerging-international-evidence/>

³ Parliamentary Budget Office (2021) Snapshot of the Housing Market 2021 (Part 1). Accessible at: https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2021/2021-12-06_snapshot-of-the-housing-market-in-2021-part-1_en.pdf

⁴ Parliamentary Budget Office (2022) Snapshot of the Housing Market (Part 2). Accessible at: https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2022/2022-01-12_snapshot-of-the-housing-market-in-2021-part-2_en.pdf

⁵ Central Statistics Office (2022) Consumer Price Index - April 2022. Accessible at: <https://www.cso.ie/en/releasesandpublications/er/cpi/consumerpriceindexapril2022/>

⁶ Inflation hits 7% in April as Ireland’s cost of living soars’ (Irish Times) 12.05.2022. Accessible at:

<https://www.irishtimes.com/business/economy/inflation-hits-7-in-april-as-ireland-s-cost-of-living-soars-1.4876618>

⁷ ‘Building input price rises could negate easing in property price growth – BPF!’ (RTE) 07.06.2022. Accessible at: <https://www.rte.ie/news/business/2022/0607/1303300-build-costs-could-negate-property-price-easing-bpfi/>

“Families surviving on the lowest incomes spend the greatest proportion of their finances on food, heat and electricity. They have minimal disposable income, and were already struggling to make ends meet prior to the rapid increase in cost of living, with little to no spare income or savings. As a result, they are more exposed to price increases and inflation.” (p2).⁸

There were 10,049 people experiencing homelessness in Ireland at the end of April 2022 of which 2,944 were children⁹. Social Justice Ireland, in their recent publication *Housing Costs and Poverty 2022 (2022)*¹⁰, found that the overall rate of poverty in Ireland increases from 11.6% to 19% when housing costs are counted. This means that 952,185 people, almost 1 in 5 of the population are living in poverty.

Access to quality, secure and affordable housing is a key foundation for families and individuals to thrive and to foster the growth of vibrant and diverse community. Major investment is required to ensure there is an adequate supply of social and affordable housing. As an Approved Housing Body, we welcome the multi-annual funding that has been committed to realising the targets set out in the Government’s *Housing for All - a New Housing Plan for Ireland* and we are committed to fulfilling our role in contributing to delivering on these targets.

Respond is strongly committed to increasing the national housing stock through direct construction. We currently own and manage 6,503 properties across the 26 counties in Ireland. In 2021, we built 624 new homes, commenced 778 homes on site and delivered 50 cost rental homes at Enniskerry Road with our partners, as part of the Cost Rental Pathways Project. We have committed to delivering up to 1,000 social homes and 250 cost rental homes over the lifetime of our current Strategic Plan to the end of 2024.

We are focused on finding practical solutions, delivering more homes for people that need them and supporting communities to thrive. Find our recommendations for Budget 2023 outlined below.

A sustainable supply of social and cost rental homes

1. Enhancements and Improvements to Capital Advanced Leasing Facility (CALF) funding

The current Government funding model that is in place enabling Approved Housing Bodies to deliver social homes comprises a combination of government-backed loans, including the Capital Advanced Leasing facility (CALF) for social homes. This is combined with access to private finance through loans provided by the Housing Finance Agency (HFA). This 100% debt finance model significantly increases the debt profile of Approved Housing Bodies and subsequently debt service cover and gearing ratios¹¹. When gearing exceeds 80%, Approved Housing Bodies are less attractive to new funders, which limits our options to increase funding opportunities. As a result, this acts as a constraint in terms of the delivery of social and cost rental homes.

This model for delivery is proving increasingly challenging, specifically in light of the current construction cost inflation, which saw a 16.9% increase in the 12 months to March 2022¹², along

⁸ Barnados (2022) Cost of Living Crisis. Accessible at: <https://www.barnados.ie/media/15531/cost-of-living-crisis-impact-on-children-2022-full-report-26.pdf>

⁹ Homeless Report – April 2022 (2022) Department of Housing, Local Government and Heritage. Accessible at: <https://www.gov.ie/en/publication/2e889-homeless-report-april-2022/>

¹⁰ Social Justice Ireland (2022) Housing Costs and Poverty 2022. Accessible at: <https://www.socialjustice.ie/system/files/file-uploads/2022-05/2022-05-30-housing-costs-and-poverty-2022-final.pdf>

¹¹ Gearing ratios are financial ratios that compare an owners/company’s equity (or capital) to debt or funds borrowed by that company.

¹² Minister McGrath introduces measures to address the impact of construction material price inflation on public works projects’ (Department of Public Expenditure and Reform) 10.05.2022. Accessible at: <https://www.gov.ie/en/press-release/a346d->

with the recent increases in interest rates. It is particularly difficult to achieve viability for schemes in non-urban/rural areas and consequently, it is not currently possible to develop social homes in these areas with this funding model.

Recommendations

The current review of the structure and operation of Capital Advanced Leasing Facility (CALF), has been accelerated to report in Q3 2022, which is very welcome. The review will take account of the more recent viability issues that have arisen due to inflationary pressures and should consider the following:

- Introduction of some grant based funding to complement CALF loan finance.
- Extending the length of the loan term; reducing the CALF interest rate and; increasing the Payment and Availability (P&A) agreement rate up to 95%.

These will help address the viability issues in social housing delivery and would be similar to previous models that were in place in Ireland in the past.

2. Refine the Cost Rental Equity Loan (CREL) scheme to improve viability

We are seeing challenges with financial appraisal modelling on cost rental projects that require Cost Rental Equity Loan (CREL) funding due to the higher loan interest rates and increases in construction costs. These projects require varying levels of equity from Approved Housing Body's own reserves. This is not a viable and replicable model for the increased delivery of future cost rental homes. Higher gearing ratios can potentially restrict options for AHBs to source additional funding from either the HFA or indeed other lenders. Ways the viability of the scheme could be improved include:

Recommendations

- Converting CREL funding from a loan to grant and/or a combination of both would alleviate the pressure on gearing ratios and minimise future debt repayment obligations. Ultimately, this will allow Approved Housing Bodies to facilitate viability of larger schemes and deliver more social and affordable homes.
- The funding model should be flexible to facilitate future increases in costs including interest rates between the time of initial application and the completion of the scheme.

3. Tailored funding to increase housing supply in non-urban areas

We are also continuing to see challenges with delivery of new social homes in non-urban/rural areas. While rents remain strong in the urban areas of Dublin and Cork, evidence indicates that markets rents are not adequate to sustain project viability for sites located outside these locations.

High construction costs, previously mentioned, coupled with lower market value rents, impact the financial feasibility of projects that are based on the current CALF and Payment and Availability (P&A) agreement funding model. This stipulates that less than 92% of the market rent is allowable to be paid on homes.

Recommendations

The current model of funding requires tailoring to facilitate housing delivery in non-urban areas and support sustainable developments and communities. We recommend:

- Additional grant funding to complement any shortfall in viability arising from debt funding through CALF and Payment and Availability (P&A) funding and/or;

[minister-mcgrath-introduces-measures-to-address-the-impact-of-construction-material-price-inflation-on-public-works-projects/#:~:text=The%20All%20Materials%20category%20of,lowest%20in%202020%20being%200.2%25.](#)

- An increase in the agreed level of P&A agreement applied, to meet the Debt Service Cover Ratio, so that schemes return a positive cash flow.

4. Facilitate land supply and acquisition for Approved Housing Bodies

The *Housing for All*, commitment to make public land available for residential housing is a crucial and welcome step to ensure the continued delivery of social and affordable homes. Identifying and assembling sites, going through the planning process and commencing development can take two to three years and often longer. Further, competing for the purchase of such sites with other providers inevitably pushes up the price. As Breen and Reidy¹³ find:

“Speculative land hoarding by landowners and developers can restrict the supply of development land, increasing the cost of land as a housing input.....In development land auctions, sites tend to be acquired by the most optimistic bidders (those with highest expected sale prices) therefore property tends to be developed close to the margin of viability.” (p.2).

Currently, Approved Housing Bodies do not have access to a reasonable pipeline of residential development land or an appropriate funding model that can be utilised to acquire land to facilitate long term plans to directly build social housing.

Recommendations

- Create a separate funding mechanism for site acquisition by Approved Housing Bodies. This could be done by extending the Croí Cónaithe fund to Approved Housing Bodies developing social and cost rental homes.
- Public and State lands could be made available to Approved Housing Bodies for the delivery of social and affordable homes. This will help speed up housing delivery and keep costs of construction down.

Maintaining quality homes and services

In tandem with increasing the supply of new homes, it is essential to invest in maintaining the current housing stock, ensuring affordability and choice within a viable social and affordable rental system. We believe a number of improvements can help address this.

5. Increase the funding for deep retrofitting of social and affordable homes

Housing for All recognises that:

“Ireland’s homes are responsible for one quarter of our overall energy use and 10% of our overall greenhouse gas (GHG) emissions. Reducing the amount of energy and fossil fuels we use in our homes is an important part of the government’s Climate Action Plan.” (p120).

With the accelerating climate crisis, there is an urgent need to ensure our operations are carried out in the most sustainable way possible.

Improving the energy performance of our homes and buildings has the dual positive effect of tackling climate change whilst reducing the energy costs for our tenants, for whom the current cost of living increases are proving increasingly unmanageable. As stated earlier, the cost of fuel alone was up by 45% year on year and this is an unsustainable burden for many, including our tenants. The

¹³ Breen, B & Reidy J, (2021) Spending Review 2021, An Overview of the Irish Housing Market and Policy. Accessible at: <https://www.gov.ie/en/collection/87ee1-spending-review-2021/#housing>

majority of our tenants are on very low incomes; fuel poverty and not being able to afford to heat their home is a grim reality for some.

Respond have been focused on carrying out retrofits targeting our lowest 'performing homes in terms of energy efficiency. Respond has been providing social housing in Ireland for over 40 years and therefore some of our stock of this vintage requires more urgent retrofitting. In 2021, we completed improvements to 111 homes, two group homes and one community building, utilising grants available to us through the Sustainable Energy Authority Ireland (SEAI).

Housing for All action 21.7 committed to 'Introduce a targeted energy efficiency scheme for Approved Housing Bodies. The Q1. 2022 *Housing for All* Progress Report states that this action was completed as on 8th February when the new National Home Energy Upgrade Scheme was launched, which includes enhanced grant levels for certain measures, specifically for Approved Housing Bodies. However, the grants only cover approximately 50% of the total costs of works required (in contrast to 100% funding available to Local Authorities), even though both sectors operate on similar income based differential rent models. Whilst we have made progress in this area, we need to accelerate this programme if we are to achieve the necessary improvements and energy efficiency gains required for a large portfolio of properties and the alleviation of fuel poverty for Respond tenants.

Recommendations

- Increase the percentage of grant available to Approved Housing Bodies and social housing tenants up to 100% similar to that available to Local Authorities, to target those homes and households most in need of these retrofitting works.

6. Mica and defects redress schemes

As a national social and affordable housing provider, we have a strong presence in the West and North West of Ireland with a number of homes in Donegal, Sligo, Mayo and Clare, working alongside other national and local Approved Housing Bodies and other housing providers. The mica issue is affecting many homes and estates across these North and North West counties, and the impact on owners and occupiers of such homes is significant. We already have indications that mica may be an issue in some of the homes we provide. This will place a significant and, arguably, an unsustainable financial burden on any Approved Housing Bodies with mica affected stock.

In addition to mica, building defects are also an increasing area of concern. We support the work being undertaken by the *Working Group to Examine Defects in Housing*. We are hopeful that the Group's proactive approach will build a clearer picture of the issues arising in relation to latent construction defects, and produce recommendations to achieve the best outcomes for the owners and residents of the homes affected.

Unlike private sector landlords, who can claim tax deductions and reliefs for a range of expenses incurred in relation to their rental property, this option is not available to Approved Housing Bodies (not-for-profit housing bodies), who are not liable for corporate tax. We support the principle that owners who purchased in good faith should not be liable for costs for which they are not responsible, regardless of tenure type. Costs of remediation should not be met from funds that would otherwise be used to increase housing supply by developing new social and affordable homes. This could ultimately result in people in housing need waiting longer for a home.

Recommendations

We welcome the inclusion of AHBs in the redress scheme to be introduced under the *'Remediation of Dwellings Damaged by the Use of Defective Concrete Blocks Bill 2022*. This scheme should be:

- Introduced without delay and should fully cover all costs incurred in remedying mica and construction defects. Claims should not be time limited.
- Developed in partnership with Approved Housing Bodies to ensure it is easy to access and administer and addresses all relevant issues.

7. Review funding model for Capital Loan Subsidy Scheme (CLSS) properties

Respond own approximately 2,600 properties that were funded under the Capital Loan and Subsidy Scheme (CLSS), introduced in 1991. We currently receive a Management and Maintenance (M&M) Subsidy for these properties. Despite a significant increase in maintenance costs over recent years, this subsidy has remained the same since 2016.

This means for many of these properties the combination of differential rent and M&M Subsidy received is not adequate to cover the ongoing management and maintenance costs and long-term asset management costs required for their appropriate upkeep. They are generating a loss in income.

Our initial analysis indicates these losses are in the region of 20% of the total income received. This means a substantial portion of costs are being subsidised by funds that would otherwise be used towards increasing the supply of additional social homes. In addition, this current arrangement for the payment of the M&M Subsidy is only in place for the term on the loan, with no guarantee of it being continued or replaced in the future.

Recommendations

- Replace the model of funding for CLSS properties with a sustainable financial model that covers the actual costs of managing and maintaining homes over their lifetime. Increase the Management and Maintenance Subsidy by at least €1,000 p/a up to the expiry of the loan term and/or;
- Provide for a Payment and Availability (P&A) agreement, such as that in place for properties funded under the CALF scheme mentioned above.

8. Differential rents

Approved Housing Body and Local Authority tenants pay what is known as a 'differential rent'. This differential rent is based on household income. This is reviewed annually and is subject to change if the household income increases or decreases. There are 32 differential rent schemes in operation across 31 Local Authorities. However, an unintended consequence of the application of this approach is unfairness and inequity as tenants on the same income, but in different local authority areas, do not pay the same rents. This is recognised in *Housing for All* Q1 2022 progress report, which states:

"The myriad approaches often lead to inequities across the system with, for example, local authority tenants in different areas on similar incomes can pay significantly different rents." (p.22)¹⁴

An added complexity for national Approved Housing Bodies like Respond, is that the multiplicity of different rent schemes, means administering rents for tenants is an extremely complex task. This level of complexity is highly resource intensive, requiring significant staffing, and is potentially open to human error. These issues have been recognised in *Housing for All*, which makes a commitment to reform the Differential Rent Scheme under 'Housing Policy Objective 5.1.' The review was

¹⁴ Housing for All – Q1 2022 Progress Report (Department of Housing, Local Government and Heritage). Accessible at: <https://www.gov.ie/en/publication/9f667-housing-for-all-q1-2022-progress-report/>

timetabled to be completed by Q1 2022 but has been deferred to Q4 2022 as explained in the *Q1 2022 Housing for All Progress Report*, due the current cost of living challenges.

Recommendations

- Whilst we agree the timing for completion of the *Housing for All* action 5.1, 'to reform the Differential Scheme' might be best delayed, it is a significant issue that requires a considered review. We ask that such a review is not delayed further.
- Approved Housing Bodies should be included in this review process, given the significant impacts of any future rent system on the long term sustainability of the properties and the overall viability of the AHB sector.

Investing in communities and pursuing social justice

According to Social Justice Ireland (2022), it is estimated that 210,363 children are at risk of poverty in the State. In 2020, of the 280,644 single parent households 140,322 were at risk of poverty after paying their housing costs¹⁵. There are over 3,000 children living in homelessness with more living in overcrowded and unsuitable accommodation¹⁶. In addition, research has shown that adults who first experience homelessness in childhood, are more likely to experience precarious housing in later life¹⁷.

9. Housing First Pilot for Families

Poverty and homelessness are significant issues that must be addressed as a priority to deliver better outcomes for children, young people and families. A safe affordable home is the basis on which better outcomes are achieved, including access to education, economic, and health and wellbeing opportunities. Poverty, sub-standard housing and social exclusion have a significant impact on a person's life outcomes. Further, research undertaken in Ireland indicates that homelessness has profound impacts on the basic needs, social and emotional development, and school life of children. The effects of homelessness on children include feelings of low self-esteem and isolation leading to self-harm, exhaustion and developmental delays and illness¹⁸. As a snapshot, in May 2022 we had 192 children across the six Family Homeless Services we provide.

Housing First is an evidence based model that helps end homelessness by providing affordable secure housing quickly once the person becomes homeless and then providing support in this housing. It is a comprehensive, holistic and effective approach to addressing homelessness particularly for people experiencing complex needs (e.g. mental health, physical health, problematic drug and/or alcohol use, social, behavioural, and other challenges), along with homelessness. This intensive, specialised support service, is tailored to the person's needs. These supports continue, even if the person leaves their tenancy.

Recommendations

- Allocate funding to pilot Housing First for Families who have additional support needs to reduce the time spent in emergency accommodation
- Ensure families can access any required wraparound supports to maintain their new home.

¹⁵ Social Justice Ireland Housing and Poverty 2022 (2022) Accessible at: https://www.socialjustice.ie/system/files/file-uploads/2022-01/housing-and-poverty-final_1.pdf

¹⁶ Barnardos. Housing and Accommodation. Accessible at: <https://www.barnardos.ie/policy/the-issues/housing>

¹⁷ Social Justice Ireland (2021) Precarious Housing – The Long-Term Impact of Child and Youth Homelessness. Accessible at: <https://www.socialjustice.ie/content/policy-issues/precarious-housing-long-term-impact-child-and-youth-homelessness>

¹⁸ McKenna, G., Scanlon G., (2019) Home Works: A Study on the Educational Needs of Children Experiencing Homelessness and Living in Emergency Accommodation p. 46. Accessible at: <https://doras.dcu.ie/24808/1/HOMEWORKS.pdf>

10. Supporting families, children and young people in homeless services

It is recognised that Child Support Workers mitigate the trauma of homelessness¹⁹. In the report on family homeless services from the Ombudsman for Children both parents and children spoke appreciatively about the skills, kindness and diligence of the staff they worked with, particularly Child Support Workers, and the difference those staff made in helping them navigate their way through homelessness.

Child and Youth Development Workers play a vital role in empowering children and ensuring they have equal access and opportunities within the community. Children also require supports with and a dedicated space to do their homework, which can often be a challenge while they are homeless. It is also important to include trauma supports along with general child specific supports.

Recommendations

- Provide the additional financial resources to ensure all children and teenagers living in Family Homeless Services have equal access to the services of a Child and Youth Development Worker.

11. Assessing needs of children with additional needs

An 'Assessment of Need' is required for children who have, or potentially have, additional needs before they can access appropriate supports. The waiting time for these assessments is currently excessive with a recent article published by RTÉ reporting that, *"Up to the end of September (2021), more than 34,000 children were waiting more than a year for community health service"*²⁰.

This limited access for children to educational and psychological assessments due to long waiting periods is an issue that arises consistently in our services. We currently know of 60 children across our services that are waiting for an Assessment of Need. In 2021, four families in our Family Homeless Services experienced waiting times of 1-3 years for such assessments. So far in 2022, we already have two families experiencing this same issue. One has currently been on the waiting list for three years and the other for one year.

While we acknowledge the significant pressures on our health services in the last few years, this is too urgent and needs to be a top priority. These delays have significant impacts slowing down much needed early intervention for the children in question and result in significant stress for families, some of whom are already dealing with very challenging circumstances e.g. homelessness. This can impact the overall health and well-being of the whole family.

Parents can avail of private services, but these are expensive and not an option for many families on low incomes. This means children in low-income families and those already disadvantaged are the worst affected.

Recommendations

- Ensure financial provision for all 'Assessments of Need' take place within acceptable timescales.
- The supports children require must be put in place immediately following assessment. It would be welcome to see commitments to timelines and targets for delivering on this.

¹⁹ Ombudsman for Children (2019) No Place like Home: Children's views and experiences of living in Family Hubs. Accessible at: <https://www.oco.ie/app/uploads/2019/04/No-Place-Like-Home.pdf>

²⁰ High Court finds HSE's Assessment of Need for children falls short' (RTE) 11.03.2022. Accessible at: <https://www.rte.ie/news/ireland/2022/0311/1285916-disability-assessment-hse/>

12. Funding for improved access to Early Learning and School Age Care (ELSAC)

The provision of high quality and affordable Early Learning and School Aged Care in community settings is critical to sustainable communities. Heckman (2015) states:

“Quality early learning and development programs for disadvantaged children can foster valuable skills, strengthen our workforce, grow our economy and reduce social spending...it can prevent the achievement gap and investment in quality early childhood programs is more effective and economically efficient than trying to close the gap later on.” (p1).²¹

A child’s right to early education should not be impacted by the economic status of their parents. The 2020 ESRI report *Child Poverty in Ireland and the Pandemic Recession*²² clearly highlights that children coming from households where parents are unemployed, or inactive, are at significantly higher risk of poverty or deprivation.

Services situated within areas of disadvantage have been particularly hit by the phasing out of the Community Childcare Subvention Plus (CCSP) contract. Although National Childcare Scheme (NCS) funding has been expanded to include children of families not in employment or training, much more is required to ensure the financial sustainability, and maintain the quality of provision, of ELSAC services situated in disadvantaged areas. Future funding should support universal access to the service. Funding should be calculated through the cost of provision of the service rather than the number of children currently attending.

Recommendations

- Increase core funding, taking into account both inflation and any agreed sector pay scales.
- A refocus on the National Childcare Scheme (NCS) is required that encompasses both universal and targeted subsidies and a national communications plan to promote the NCS to all parents.
- Extend the Access and Inclusion Model (AIM), beyond the ECCE scheme so that children who require additional supports can access them as early as possible.

13. Cost of living

As highlighted in the Introduction section above, the latest figures published by the Central Statistics Office (CSO) show the annual rate of price growth in the Irish economy was 7.8% in May 2022. According to a recent report published by ESRI (June 2022)²³, the number of households in energy poverty in the State is estimated to be 29%. This level exceeds the highest previous recorded level of energy poverty, which reached 23% in 1995. The same report highlights that these costs disproportionately affect those on the lowest incomes,

“We estimate that recent increases in energy costs (including motor fuels) amount to 5.9 per cent of after-tax and transfer income for the lowest-income fifth of households compared to 3.1 percent for the highest income fifth. Similarly, we estimate that energy price increases are larger as a proportion of income for rural households, homeowners and those at risk of poverty. (p11).

²¹ Heckman, J. (2015) The Economics of Human Potential

²² ESRI (2020) Child Poverty in Ireland and the Pandemic Recession. Accessible at:

https://www.esri.ie/system/files/publications/BP202104_1.pdf

²³ ESRI (2022) Energy, Poverty and Deprivation in Ireland. Accessible at: <https://www.esri.ie/publications/energy-poverty-and-deprivation-in-ireland>

This supports the growing knowledge that low-income households are the most sensitive to rises in cost of living, as they must spend a higher proportion of income on necessities like food and energy²⁴.

The recent Survey on Income and Living Conditions (SILC) (2022) argues that a liveable social welfare rate is crucial to supporting low and fixed income households, evidenced by the fact that without the social welfare system, Ireland's 'at risk of poverty' rate would have been 36.5%, rather than 13.2% in 2020²⁵. One in ten households reported difficulty making a rent or mortgage payment in 2021 due to financial pressures. This was 5.3% for owner occupied households but increased to 16.2% for households making rental payments. Of the 99.3% of households that report paying utility bills, 7% stated that there was at least one occasion in the previous 12 month period when they went into arrears on a utility bill because of financial difficulty.²⁶

Social transfers play a significant role in Ireland in keeping households out of poverty and vulnerable households benefit most from these transfers. According to Maitre et al (2020)²⁷ Ireland's transfers cover a significant portion of the population (75%), and the average transfer is more generous in Ireland when compared to other European countries. Callan et al. (2018)²⁸ also note that Ireland's income transfers played an important role in limiting the potential increase in inequality as they found that the redistribution tax and transfer systems has helped offset market income inequality in Ireland.

It is unsurprising that the risk of homelessness is increased for those living in poverty and deprivation. The Survey on Income and Living Conditions 2021 also shows, those most at risk of poverty in 2020 were those who were unable to work due to long-standing health problems and those who are unemployed. A lone parent with children under 18 was the household type most at risk of poverty, most commonly experiencing deprivation and most commonly experiencing consistent poverty²⁹. All of these cohorts are common in our services.

Recommendations

Given the cost of living crisis is disproportionality impacting low income families and those already living in poverty it is essential that Budget 2023 includes some measures to address this for immediate implementation including:

- Increase core social welfare rates ahead of projected inflation to protect households on low incomes and those on fixed incomes against the rising cost of living.
- Provide additional resources for households that are furthest behind i.e. disabled people and their families, one parent families, children, and older people living alone.
- Ensure low-income households can meet unexpected expenses by improving the adequacy of and accessibility to the Additional Needs Payment Scheme³⁰. Resources should also be invested in frontline services to reduce wait times for application and processing.

²⁴ Social Justice Ireland (2022) Core Social Welfare Rates Need to Rise by Almost €30 Per Week to Deal with Cost of Living Crisis. Accessible at: <https://www.socialjustice.ie/article/coresocial-welfare-rates-need-rise-almost-eu30-week-deal-cost-living-crisis>

²⁵ Central Statistics Office (2021) Survey on Income and Living Conditions (SILC) 2022. Accessible at: <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/>

²⁶ Ibid CSO 2022

²⁷ Maitre, B., Privalko, I., and Watson, D. (2020) Social Transfers and Deprivation: A study of cash and non-cash payments, Dublin: Department of Social Protection and Economic and Social Research Institute. Accessible at: https://www.esri.ie/system/files/publications/BKMNEXT401_1.pdf

²⁸ Callan et al (2018) Income Growth and Income Distribution: A Long-Run View of Irish Experience. Accessible at: <https://www.esri.ie/system/files/media/file-uploads/2018-06/BP201903.pdf>

²⁹ Ibid CSO 2022

³⁰ Additional Needs Payment (Department of Social Protection). Accessible at: <https://www.gov.ie/en/service/4eb45-additional-needs-payment/>

- Ensure the Fuel Allowance is set at an adequate level. We support the St Vincent DePaul in their call for Fuel Allowance to be paid for 32 weeks and to increase the weekly amount by €15 (in line with home energy inflation) to a weekly amount of €48.
- Improve the targeting of supports for people at risk of energy poverty. Currently, households in work and on low pay receive no support for energy costs. Budget 2023 should extend the Fuel Allowance to recipients of the Working Family Payment (WFP).