

**Pre Budget  
Submission  
2024**

**building  
homes,  
improving  
lives.**

respond.ie

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# Priority Actions for Budget 2024

We call on Government to consider the following recommendations for Budget 2024

## A sustainable supply of social and cost rental homes

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

- An immediate commitment from Government to invest an appropriate level of non-debt or equity finance in addition to the CALF loan is required to reduce gearing levels for AHBs. Commitments on this basis would reassure AHB Boards and allow us to progress with our development pipelines, while we work out the details.

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

- The CREL funding model should have inbuilt flexibility to facilitate future exceptional increases in costs verified by independent Quantity Surveyors and interest rate increases between the time of initial application and the completion of the scheme.

### 3. Other measures to improve the viability of delivering social and Cost Rental homes

- The consideration of the conversion of CALF and CREL accounting treatment to non-debt or equity finance on our balance sheet. This could assist in reducing gearing levels, getting AHBs 'off balance sheet' and facilitate borrowing from non-State Financial Institutions.
- The details of the most appropriate funding mix must be explored working in partnership with AHBs to ensure viability and continued housing delivery. In this regard, we would ask that the larger AHBs are represented on any proposed Working Group or sub groups in relation to funding and AHB debt levels.
- In addition we would recommend utilising reduced VAT rates for social and affordable housing within the scope of the current EU VAT directive.

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

- Create a suitable mechanism to make public and state lands available to Approved Housing Bodies for the delivery of social, Cost Rental and affordable homes. This will greatly assist in scaling up housing delivery.

## 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 available to Local Authorities, to target those homes and households most in need of these retrofitting works.

### 6. Review funding model for Capital Loan Subsidy Scheme (CLSS) and Capital Assistance Scheme (CAS) properties

- 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 €1,500 per annum, up to the expiry of the loan term and/or; provide for a Payment and Availability Agreement, such as that in place for properties funded under the CALF scheme mentioned above.
- Replace the model of funding for CAS properties with a sustainable financial model that covers the actual costs of managing and maintaining homes over their lifetime. For example this could include increasing the ceilings for the RAS supplement by at least €1,500 per annum, up to the expiry of the loan and/or provide a Payment and Availability Agreement or Management and Maintenance subsidy to bridge the gap between income and costs.

### 7. Community development

- To support community needs, introduce targeted capital support for provision of community facilities which are appropriate to the scale of larger developments along with revenue support, to maintain community services where there is an identified need.

## Investing in communities and pursuing social justice

### 8. Resolve pay and employment condition disparities for Section 39, 56 and 10 organisations

- Address the disparity in pay (deficit of 10-12%) and employment conditions for staff to deliver equivalence between Section 39/56/10 organisations and their counterparts in state agencies.
- Fund services and supports on a full-cost-recovery basis, providing for all core costs including administration, adequate salaries, training and development budgets, and pension contributions.
- Include state-funded charities in public-service pay talks and other relevant fora such as, the Workplace Relations Commission to prevent future re-emergence of pay disparities.

### 9. A multi-disciplinary approach to address family homelessness

- Comprehensive and coordinated homeless prevention must be resourced as part of an integrated approach to address family homelessness with a continued focus on the urgency of increasing the supply of social and Cost Rental homes.
- Introduce a 'multi-disciplinary team approach' to deliver a range of interventions from a single source of diverse specialists that include a range of physical and mental health professionals, addiction and welfare support teams and translation services.
- 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 who can play a vital role in empowering children and ensuring they have equal access and opportunities within the community.
- Introduce mainstream funding for psychotherapist roles to provide much needed therapeutic interventions to all families in emergency accommodation.
- Housing First for Families or other measures to address the housing and support needs of families with more complex needs.

### 10. Assessing needs of children with additional needs

- 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.

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

- Continue to increase core funding for services on an on-going basis, taking into account both inflation and any agreed sector pay scales. Funding should be based on capacity and not children's attendance, to offer flexibility without financial consequences to families and providers.
- Increase the Graduate Premium paid directly to staff to further incentivise the recruitment and retention of graduates.
- 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. The proposed Equal Participation Model would be welcome however, it must follow a child led/centred approach and have the flexibility to allow childcare providers to address multiple disadvantage faced by their cohorts of children.
- 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.
- The recently announced planned rolled out of the hot school meals programme to all DEIS primary schools and special schools from 2024 should be expanded to include all ELSAC services along with investment of additional resources to ensure that all services can provide a hot meal.

## **About Respond**

Respond, an Approved Housing Body and service provider, has been working all around Ireland for over 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.

15,991 tenants live in 7,084 homes across the 26 counties that we either own or manage; of these, there are 6,264 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 Learning and School Aged Care (ELSAC), 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.

## Introduction

Access to quality, affordable housing in Ireland continues to be the key policy issue of major concern for those living and working in the State and dominates national and local political and economic debate. The lack of affordable housing is negatively impacting an otherwise thriving and successful economy.

Recently, Ireland has demonstrated resilience in the face of significant geopolitical events and turbulence including the Russian invasion of Ukraine, the COVID 19 pandemic and the subsequent cost of living crisis. The Economic and Social Research Institute (ESRI) state in their Quarterly Economic Commentary (Spring 2023),

*'The Irish economy now looks set to grow at a somewhat faster pace in 2023 than had previously been expected.'*<sup>1</sup> (p4).

This thriving economy is reflected in the employment numbers which were at record levels at over 2.5 million people in employment at the end of 2022. This was an increase of 2.7% over the previous year and 9% higher than before the pandemic<sup>2</sup>. Unemployment rates have steadily decreased over a two year period from April 2021 when they were at 7.7% decreasing to 3.9% by April 2023<sup>3</sup>. In addition, there was a *'record budget surplus of €8 billion as strong tax revenues offset the additional spending on COVID and energy related supports'*. (Burke Kennedy, 2023)<sup>4</sup>.

## Housing and homelessness

The otherwise successful economic landscape, is sharply contrasted with the negative impact that the lack of suitable affordable housing is having on many people. Housing shortages have had a devastating impact on the most vulnerable in our society for some time, and this trend is continuing. The overall numbers of those affected is also growing, with an increasing number of households on very low to median incomes unable to access secure, affordable housing. The ripple effects of this are widespread and several commentators have indicated that the lack of housing is now becoming a major stumbling block for business and economic growth in Ireland.

A recent report by the National, Economic and Social Council (NESC, March 2023)<sup>5</sup> states,

*'Housing affordability affects Ireland's ability to retain and attract skilled workers, with rising costs reducing real incomes for workers and standards of living'*. (p21).

A recent report by the Irish Business and Employers Confederation (IBEC) published in January 2023 showed, that over 70% of companies identified the availability of housing for staff as a challenge to their business operations in 2023. The report states that,

*'...a failure in the adequate provision of affordable public and private housing has left households rationed and reduced Ireland's attractiveness as a place to live and invest'*<sup>6</sup>. (p3)

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<sup>1</sup> McQuinn et al. (March 2023). Quarterly Economic Commentary Spring 2023. ESRI (March 2023). Accessible at: [https://www.esri.ie/system/files/publications/QEC2023SPR\\_0.pdf](https://www.esri.ie/system/files/publications/QEC2023SPR_0.pdf)

<sup>2</sup> Gordon, C. (Feb 2023). Independent.ie. Available at: <https://www.independent.ie/irish-news/new-record-as-number-of-people-employed-in-ireland-rises-to-257-million/42356366.html#:~:text=New%20record%20as%20number%20of%20people%20employed%20in%20Ireland%20rises%20to%202.57%20million,->

<Photo%3A%20Getty%20Images&text=Ireland's%20labour%20market%20is%20tighter,to%20the%20Central%20Statistics%20Office>.

<sup>3</sup> Central Statistics Office. (April 2023). Monthly unemployment April 2023. Available at: <https://www.cso.ie/en/releasesandpublications/ep/p-mue/monthlyunemploymentapril2023/>

<sup>4</sup> Burke Kennedy, E. (April 2023). The Irish times. Available at: <https://www.irishtimes.com/business/economy/2023/04/20/government-runs-record-8bn-budget-surplus-in-2022-as-tax-revenues-surge/>

<sup>5</sup> NESC. (March 2023). Understanding the Irish Economy in a Time of Turbulence. Available at: [https://www.nesc.ie/app/uploads/2023/04/160\\_understanding\\_economy.pdf](https://www.nesc.ie/app/uploads/2023/04/160_understanding_economy.pdf)

<sup>6</sup> IBEC. (January 2023). Better Lives Better Business. Available at: <https://www.ibec.ie/influencing-for-business/ibec-campaigns/better-lives-better-business>

The IBEC report goes further to highlight that,

*... the adequate and effective provision of public goods has become significantly more important to greater numbers of working households' (p3).*

At the end of June 2023, there were 12,600 people experiencing homelessness in Ireland of which there were 1,804 families and 3,765 were children<sup>7</sup>. This the highest number of people since records began in 2014. The numbers of people have increased by more than a third since January 2022, when the total figure stood at 9,150 and included 1,119 families including 2,563 children.<sup>8</sup> There is a strong causation between family homelessness, poverty and lack of affordable housing with socioeconomic status as an underlying factor (Baptista et al, 2017). Impacts of homelessness on children includes developmental delays and poor cognitive functioning, poor school performance and dropout rates, chronic physical health issues and mental health concerns, drug/alcohol use, injury and mortality (Murran & Brady, 2022, p1<sup>9</sup>; McKenna and Scanlon, 2019<sup>10</sup>; Parpouchi et al, 2021, p2<sup>11</sup>).

Studies have highlighted the link between homelessness, trauma and Adverse Childhood Experiences (ACEs) (Murran & Brady, 2022) with indications that children who experience homelessness are more likely to experience significant issues as adults (Parouchi et al, 2021). O'Sullivan, argues that the interrelated issues of housing affordability and supply, particularly in the Private Rental Sector (PRS) are at the heart of homelessness (2016, p34)<sup>12</sup>.

At the same time demographic changes are putting added pressure on the supply of housing as the Irish population is continuing to grow. Preliminary Census 2022 figures show that Ireland's population is now 5,123,536, which is an increase of 7.6% or 361,671 people since 2016. This the first time the population has reached over 5 million since 1851 and represents the highest population total since 1841<sup>13</sup>. Displacement of people as a result of the Russian invasion of Ukraine has also resulted in 74,458 people from Ukraine arriving in Ireland seeking refuge, as at February 2023<sup>14</sup>. A recent report by Laurence et al (ESRI, 2023)<sup>15</sup>, exploring housing adequacy and child outcomes states that,

*Poor physical housing conditions has been associated with respiratory illnesses and childhood accidents. Overcrowding has been linked to poorer educational outcomes and deprived neighbourhood conditions to socio-emotional problems. Frequent residential mobility has also been found to lead to poorer cognitive and non-cognitive outcomes (px).*

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<sup>7</sup> Homeless Report - June 2023. Department of Housing, Local Government and Heritage. Accessible at:

<https://www.gov.ie/en/publication/bb602-homeless-report-june-2023/>

<sup>8</sup> Homeless Report – January 2022. Department of Housing, Local Government and Heritage. Accessible at:

<https://www.gov.ie/en/publication/c20c9-homeless-report-january-2022/>

<sup>9</sup> Murran, S and Brady, E (2022). How does family homelessness impact on children's development? A critical review of the literature. *Child and Family Social Work*.

<sup>10</sup> McKenna, G., Scanlon G., (2019). Home Works: A Study on the Educational Needs of Children Experiencing Homelessness and Living in Emergency Accommodation. Children's Rights Alliance. Available at:

[https://www.childrensrights.ie/sites/default/files/submissions\\_reports/files/Home%20Works%20Study%20on%20the%20Educational%20Needs%20of%20Children%20Experiencing%20Homelessness%20-%20Full%20Report.pdf](https://www.childrensrights.ie/sites/default/files/submissions_reports/files/Home%20Works%20Study%20on%20the%20Educational%20Needs%20of%20Children%20Experiencing%20Homelessness%20-%20Full%20Report.pdf)

<sup>11</sup> Parpouchi, M, Moniruzzaman A & Somers, JM (2021). The association between experiencing homelessness in childhood or youth and adult housing stability in Housing First. *BMC Psychiatry*.

<sup>12</sup> O'Sullivan, E. (2016). Ending Homelessness in Ireland: Ambition, Adversity, Adaptation? *European Journal of Homelessness*. (10) 11-39.

The European Observatory on Homelessness. Available at: [https://www.feantsaresearch.org/download/10-2\\_article\\_14333336430605362120.pdf](https://www.feantsaresearch.org/download/10-2_article_14333336430605362120.pdf)

<sup>13</sup> Central Statistics Office. (June 2022). Census of Population- Preliminary results. Available at:

<https://www.cso.ie/en/csolatestnews/presspages/2022/censusofpopulation2022-preliminaryresults/>

<sup>14</sup> Central Statistics Office. (February 2023). Available at: <https://www.cso.ie/en/releasesandpublications/fg/p-ai/arrivalsfromukraineinirelandseries9/#:~:text=Of%20these%20arrivals%20from%20Ukraine,were%20people%20aged%20under%2020.>

<sup>15</sup> Laurence et al. (February 2023). ESRI. Housing Adequacy and child outcomes in early and middle childhood. Available at:

<https://www.esri.ie/publications/housing-adequacy-and-child-outcomes-in-early-and-middle-childhood>

Further the study finds that ‘affordability and quality are interlinked and the lack of adequate space is a key feature of unsuitability for families and that, the consequences of poor housing for children highlights the importance of providing adequate housing supports for families’.

It goes further to say,

*“Housing supports in Ireland have increasingly been reliant on provision in the private rented sector, which is subsidised through Housing Assistance Payments (HAP). However, the current research shows that this sector is less secure, with residential mobility more common in private rented accommodation, and children in these settings tend to experience poorer housing conditions...”* (pxi).

This demonstrates the essential need for families and individuals to have access to quality, secure and affordable housing. Housing is a key foundation for families and individuals to thrive and is the basis for establishing vibrant and diverse communities. Continued major investment is required to ensure an adequate supply of social and affordable housing continues.

### **Programme on Child Poverty and Well-being**

We welcome the recently published Government plan to end child poverty (August 2023)<sup>16</sup>. Many of the commitments contained therein align with the vision and mission of Respond. In particular, the initial focus on ensuring that every child and their family has access to:

- The income they need.
- Early learning and care.
- Reduced cost of education.
- Prevention and mitigation of family homelessness.
- Pathways to access the services they need.
- Arts, culture and sports opportunities.

### **Cost of living crisis**

Despite the successful economic performance in Ireland, the well documented cost of living crisis is also continuing, placing a significant cost burden on households. The latest figures published by the Central Statistics Office (CSO) show that the Consumer Price Index (CPI) rose by 7.2% between April 2022 and April 2023. The largest increases were housing, water, electricity, gas and other fuels (+20.7%) and food and non-alcoholic beverages (+13.1%)<sup>17</sup>. In addition, wholesale prices for construction products increased by 13.5% in the twelve months from March 2022, which is a major factor in the supply of new properties with prices remaining high<sup>18</sup>.

The Survey on Income and Living Conditions (SILC, 2022)<sup>19</sup>, published in February 2023, indicates that the real median household disposable income decreased by 1.2% from the previous year. Further, it finds that the ‘at risk of poverty’ rate was 13.1% in 2022, which has increased from the previous rate of 11.6% in the 2021 survey. Positively, Covid 19 income supports have mitigated some of the negative effects of the cost of living crisis for low income households as the ‘at risk of poverty’ rate in SILC 2022 would have jumped to 20.5% without these supports.

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<sup>16</sup> Government of Ireland. (August 2023). From Poverty to Potential: A Programme for Child Poverty and Well-Being. Available at: <https://www.gov.ie/pdf/?file=https://assets.gov.ie/266235/6c4bf557-373d-4cb6-a91e-36f27106fe8b.pdf#page=null>

<sup>17</sup> Central Statistics Office. (May 2023). Consumer Price Index April 2023. Available at:

<https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexapril2023/>

<sup>18</sup> Central Statistics Office. (April 2023). Wholesale Price Index March 2023. Available at:

<https://www.cso.ie/en/releasesandpublications/ep/p-wpi/wholesalepriceindexmarch2023/>

<sup>19</sup> Central Statistics Office (February 2023) Survey on Income and Living Conditions (SILC) 2022. Accessible at:

<https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/> and:

<https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/keyfindings/>



However, SILC 2022 shows there are 89,288 or 7.5% of all children in Ireland living in consistent poverty. This figure has increased by 27,382 from the previous year. Almost half of all households (43.5%) with one adult and children under the age of 18 years are living in deprivation compared to 17.7% of households with two parents. This demonstrates that more people are struggling and being pushed into deprivation, exclusion and poverty. Families and children on the lowest incomes and specifically lone parent families, are disproportionately affected. This indicates, that additional supports are required to assist the most vulnerable, lowest income households.

As an Approved Housing Body, we are committed to fulfilling our role in contributing to delivering on the targets set out in the Government's plan, *Housing for All - a New Housing Plan for Ireland*. We welcomed and proactively contributed to the recent reviews of the Capital Advanced Leasing Facility (CALF) and the Cost Rental Equity Loan (CREL). These are two important funding schemes available to us, to develop new homes and communities and it is crucial that these mechanisms are adapted and fine-tuned to ensure viability and support risk management, in a changing financial and construction landscape.

Respond is strongly committed to increasing the national housing stock through direct construction. We currently own and manage 7,084 properties across the 26 counties in Ireland. We currently have 1,396 homes under construction and have committed to delivering up to 1,000 social homes and 250 cost rental homes per year, over the lifetime of our current Strategic Plan to the end of 2024.

As a service provider we are committed to supporting communities and providing services and supports for those most in need. 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 2024 outlined below.

## **A sustainable supply of social and cost rental homes**

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

Approved Housing Bodies (AHBs) play a key role in the delivery of new social and Cost Rental homes with a continued role to deliver 43% (38,000) of the new social homes under *Housing for All* by 2030. Facilitating the building capacity of the sector is essential if we are to meet these targets for delivery, providing much needed social homes. Respond currently have 1,396 homes in construction all around the country. Furthermore, we can commence 3,100 homes in the coming months adding to the national housing stock.

The current Government funding model 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. The recent changes to the operation of CALF confirmed in the Housing Circular 12/2023 are welcome, including the initial Payment and Availability Agreement (PAA) now being calculated on the overall eligible capital and operational costs, which will assist to enhance the viability of some housing schemes.

### **Recommendations**

- An immediate commitment from Government to invest an appropriate level of non-debt or equity finance in addition to the CALF loan is required to reduce gearing levels for AHBs. Commitments on this basis would reassure AHB Boards and allow us to progress with our development pipelines, while we work out the details.



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

Respond were among the first AHBs to deliver Cost Rental homes and we are keen to scale up delivery of further Cost Rental schemes to assist in achieving the *Housing for All targets* set for AHBs to deliver 8,600 (48%) of Cost Rental Homes. The success of this tenure is crucial in responding to the needs of many households who do not qualify for social housing supports and cannot access affordable housing within the private sector.

We welcome the recent changes to CREL that have increased the funding ceilings from 30% to a maximum of 55% of total capital costs. The existing CREL loan model can now be supplemented with new state equity investment (up to a maximum of 20% of capital costs). Furthermore, the balance between the CREL loan and the new state equity investment will be adjusted, to minimise any projected deficit when the CREL loan is repaid after year 40. We engaged proactively on the review of CREL to demonstrate workable solutions and it is reassuring to see many of our suggestions on viability being implemented.

As a construction led AHB, Respond's focus is on adding to the national housing stock. Currently, 85% of our development pipeline is construction led. Our construction led approach enables us to manage costs and quality more effectively, delivering value for money for the state and high quality homes for tenants. However, it does mean that we carry the 'construction risk'. When homes are acquired as turnkey, the developer or construction company carry the construction risk which they manage with mezzanine finance. Our focus is on covering our costs and managing our risks given our existing commitments to our c. 16,000 tenants and services users.

### Recommendations

- The CREL funding model should have inbuilt flexibility to facilitate future exceptional increases in costs verified by independent Quantity Surveyors and interest rate increases between the time of initial application and the completion of the scheme.

## 3. Other measures to improve the viability of delivering social and Cost Rental homes

The CALF and CREL loan is combined with access to private finance through loans provided by the Housing Finance Agency (HFA). While allowing for the recent introduction of up to 20% equity loan on CREL schemes, the significant level of loan financing required to deliver social and Cost Rental homes increases the debt profile of Approved Housing Bodies and subsequently puts significant strain on Debt Service Cover Ratios (DSCR) and Gearing Ratios. When gearing exceeds 60%, 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.

There are still some challenges with the cost rental model Cost Rental Equity Loan (CREL), due to the potential for higher loan interest rates and increases in construction costs. The current high Gearing Ratios carried by AHBs as mentioned above, also creates unreasonable risk with the possibility of breaching gearing thresholds beyond a reasonable level. Cost Rental projects delivered to date have required varying levels of equity from AHB's own reserves, but this is not sustainable for large scale delivery. Funders use Gearing Ratios to establish the level of debt capacity that an organisation may have and therefore, the measurement is critical to obtaining funding from credible, established funders. The current funding model is not a viable and replicable model for the increased delivery of future cost rental homes at scale and pace.

## Recommendations

We welcome the announcement establishment of an internal Departmental working group to explore the issue of gearing within the AHB sector and were delighted to be invited to make both written and verbal submissions. Some of our recommendations include:

- The consideration of the conversion of CALF and CREL accounting treatment to non-debt or equity finance on our balance sheet. This could assist in reducing gearing levels, getting AHBs 'off balance sheet' and facilitate borrowing from non-State Financial Institutions.
- The details of the most appropriate funding mix must be explored working in partnership with AHBs to ensure viability and continued housing delivery. In this regard, we would ask that the larger AHBs are represented on the Working Group or sub groups examining funding and AHB debt levels.
- In addition we would recommend utilising reduced VAT rates for social and affordable housing within the scope of the current EU VAT directive.

### 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. The whole process which includes identifying and acquiring sites, going through the planning system 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 Reidy<sup>20</sup> 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, Cost Rental and affordable homes.

## Recommendations

- Create a suitable mechanism to make public and state lands available to Approved Housing Bodies for the delivery of social, Cost Rental and affordable homes. This will greatly assist in scaling up housing delivery.

## Maintaining quality homes and services

### 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 all sectors of the Irish economy must contribute to meeting the national target of net zero emissions by 2050. The residential sector accounts for 10.2% of all national emissions and as developers of housing, it is important that the AHB sector plays its part in decarbonising.

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<sup>20</sup> 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>

Respond has invested over €30 million towards upgrading over 2000 older homes over the last ten years. Improving the energy performance of our homes and buildings has the dual positive effect of addressing climate change and reducing energy costs for our tenants, for whom the current cost of living increases are proving increasingly unmanageable. The majority of our tenants are on very low incomes with fuel poverty and the inability to heat their home being a stark reality for many.

In 2022, we completed improvements to ninety eight homes, two community buildings and one group Home, utilising grants available to us through the Sustainable Energy Authority Ireland (SEAI). 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. Review funding model for Capital Loan Subsidy Scheme (CLSS) and Capital Assistance Scheme (CAS) properties

Respond own approximately 1,500 properties that were funded under the Capital Assistance Scheme (CAS) and 2,500 properties funded under the Capital Loan and Subsidy Scheme (CLSS), both of which were introduced in 1982 and 1991 respectively. Both schemes are funded slightly differently. An economic rent is charged for the CAS funded schemes and we receive Rental Accommodation Scheme (RAS) support from the Local Authorities. What is known as a differential rent is charged for CLSS funded schemes, calculated according to the tenant's household income and we receive an annual Management and Maintenance (M&M) subsidy for the CLSS properties.

Despite a significant increase in management and maintenance costs over recent years, the M&M subsidy has remained the same since 2016 and the RAS contribution limits have not been amended for approximately 13 years. This means for many of these properties the combination of economic rent, RAS, 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 17-38% of the total income received, depending on the funding scheme. This means a substantial portion of costs are being subsidised by funds that could 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 of 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 €1,500 per annum, up to the expiry of the loan term and/or; provide for a Payment and Availability Agreement, such as that in place for properties funded under the CALF scheme mentioned above.
- Replace the model of funding for CAS properties with a sustainable financial model that covers the actual costs of managing and maintaining homes over their lifetime. For example this could include increasing the ceilings for the RAS supplement by at least

€1,500 per annum, up to the expiry of the loan and/or provide a Payment and Availability Agreement or Management and Maintenance subsidy to bridge the gap between income and costs.

## 7. Community development

Respond's vision as stated in our Strategic Plan 2022-2024, is that 'every family and individual in Ireland will have high quality housing as part of a vibrant and caring community'<sup>21</sup>. We provide homes and services to deliver on this commitment with the purpose of supporting our communities to thrive. We recognise that along with delivering much needed homes, communities also require access to a variety of additional facilities and services to foster their success<sup>22</sup>. Housing is a key social determinant of health and it is well documented that the neighbourhood in which you live has an impact on your wellbeing outcomes, as they constitute both physical and social environments<sup>23</sup>.

The inclusion of community buildings within our housing schemes deliver many social benefits. Community buildings provide much needed shared social space, foster the development of local community support groups delivering community health and wellbeing initiatives including exercise clubs, money and budgeting advice, youth groups, facilitating tenant and resident groups along with a range of other cultural and community services. Currently funding models available to AHBs for the development of homes is focused on the capital costs of delivering numbers of homes. The additional facilities and services required to support the community's needs currently have to be met from an AHB's existing resources. This limits the provision of community buildings and initiatives that benefit both AHB tenants as well as the wider community.

## Recommendations

- To support community needs, introduce targeted capital support for provision of community facilities which are appropriate to the scale of larger developments along with revenue support, to maintain community services where there is an identified need.

## Investing in communities and pursuing social justice

### 8. Resolve pay and employment condition disparities for Section 39, 56 and 10 organisations

Section 39, 10, and 56 organisations, including Respond receive contracts from the State to deliver public services. However, our staff working in services funded through these arrangements do not receive equivalent pay or employment conditions to public-sector employees. According to a report by The Wheel and TASC, "Turnover and vacancies are increasingly forcing organisations to reduce hours and cancel services because they lack the staff to deliver them. They also must maintain quality, especially considering the vulnerability of their service users, and limit the risk of burnout amongst existing staff. (p3)."<sup>24</sup>

Respond and other organisations provide essential services on behalf of the state and require levels of resourcing that reflect this. As members of The Wheel we fully support their call to Government to address the existing pay and employment condition's e.g. pension's deficit, linked to funding cuts imposed in 2008, and bring pay levels in line with public-service agreements. The Wheel and TASC's report predicts from available data, that there will be an 11.69% pay gap between Section 39 employees and their public-sector counterparts by October 2023 unless this is addressed. There is an urgent need for data provision from the HSE, Tusla, and the Department of Housing, Local

<sup>21</sup> Respond. Strategic Plan 2022-2024. Available at:

[https://www.respond.ie/publications/?\\_gl=1\\*1akztmq\\*\\_ga\\*MTAxNiEwMDk0Ni4xNjg1MTA2MTc3\\*\\_up\\*MQ](https://www.respond.ie/publications/?_gl=1*1akztmq*_ga*MTAxNiEwMDk0Ni4xNjg1MTA2MTc3*_up*MQ).

<sup>22</sup> Pastor and Morello Frosch. (2014) Health Affairs. Available at: <https://escholarship.org/content/qt81g1n5xk/qt81g1n5xk.pdf>

<sup>23</sup> Holman, D et al. (Sept, 2022) Neighbourhood deprivation and intersectional inequalities in biomarkers of healthy ageing in England. Health and Place. Vol.77. available at: <https://www.sciencedirect.com/science/article/pii/S1353829222001320?via%3Dihub>

<sup>24</sup>The Wheel & Tasc. (June 2023) The future of Public Service Delivery by the Community and Voluntary Sector. Available at: [https://www.tasc.ie/assets/files/pdf/the\\_wheel\\_tasc\\_report\\_f\\_v\\_080623.pdf](https://www.tasc.ie/assets/files/pdf/the_wheel_tasc_report_f_v_080623.pdf)

Government, and Heritage to quantify the full extent of the crisis and identify the precise amount needed to fully resolve the disparities.

## Recommendations

- Address the disparity in pay (deficit of 10-12%) and employment conditions for staff to deliver equivalence between Section 39/56/10 organisations and their counterparts in state agencies.
- Fund services and supports on a full-cost-recovery basis, providing for all core costs including administration, adequate salaries, training and development budgets, and pension contributions.
- Include state-funded charities in public-service pay talks and other relevant fora such as, the Workplace Relations Commission to prevent future re-emergence of pay disparities.

## 9. A multi-disciplinary approach to address family homelessness

At the end of June 2023, there were 12,600 people experiencing homelessness in Ireland of which there were 1,804 families and 3,765 were children<sup>25</sup>. There are now over 1,200 more children in emergency accommodation than there were in January 2022<sup>26</sup>.

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.

The understanding of the efficacy of homelessness prevention in limiting social harms and as a cost effective strategy has grown in recent years, particularly in preventing recurrent and long term homelessness (Baptista et al, 2017, p39, 48<sup>27</sup>; Fowler et al, 2019<sup>28</sup>). Permanent housing provides the most stability for families who have experienced homelessness particularly children and comes with benefits in many areas including health, wellbeing and education (Bassuk et al, 2020)<sup>29</sup>.

A recent report<sup>30</sup> examines the issues faced by families experiencing long term homelessness. The study finds that many of these families have complex needs and require support from a wide range of disciplines including from the clinical and therapeutic fields, if they are to be supported out of homelessness. The report concludes:

*“One possible approach to adequately support this cohort of families is a multi-disciplinary team (MDT) to deliver integrated health and mental health support”.* (Focus Ireland, 2023, p32).

An added problematic trend is that families are also now staying much longer in emergency accommodation due to the shortage of move on options. Currently the average length of stay across

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<sup>25</sup> Homeless Report - June 2023. Department of Housing, Local Government and Heritage. Accessible at: <https://www.gov.ie/en/publication/bb602-homeless-report-june-2023/>

<sup>26</sup> Homeless Report – January 2022. Department of Housing, Local Government and Heritage. Accessible at: <https://www.gov.ie/en/publication/c20c9-homeless-report-january-2022/>

<sup>27</sup> Baptista, I, Benjaminsen, L, Busch-Geertsema, V, Pleace, N (2017) Family Homelessness in Europe. EOH Comparative Studies on Homelessness. European Observatory on Homelessness. Available at [https://www.feantsaresearch.org/download/feantsa-studies\\_07\\_web3386127540064828685.pdf](https://www.feantsaresearch.org/download/feantsa-studies_07_web3386127540064828685.pdf)

<sup>28</sup> Fowler, P.J, Hovmand, P.S, 1. Marcal, K.E & 1 & Das, S (2019) Solving Homelessness from a Complex Systems Perspective: Insights for Prevention Responses. *Annual Review of Public Health* 40:465–86

<sup>29</sup> Bassuk, E.L, Hart, J.A, & Donovan, E (2020) Resetting Policies to End Family Homelessness. *Annual Review of Public Health* 41, 247–63.

<sup>30</sup> Focus Ireland. (February 2023). Challenging homelessness. Changing lives. Available at: [file:///C:/Users/reyhana.cushnan/Downloads/MDT-for-Families-Feasibility-Stuudy\\_Main-Report\\_final-version.pdf](file:///C:/Users/reyhana.cushnan/Downloads/MDT-for-Families-Feasibility-Stuudy_Main-Report_final-version.pdf)

our services is approximately 11 months. This has almost doubled, as our average length of stay used to be just over 5 months. Given this current scale of the homelessness crisis with record numbers of individuals, families and children in emergency accommodation for longer periods, it is incumbent on Government to find long lasting effective solutions for those most in need of safe, affordable housing and supports where needed. This is recognised within the priorities outlined in the recently published Government Plan to end child poverty as referenced above<sup>31</sup> and which now requires implementation.

Respond currently employs a Psychotherapist whose service is available to all service users of our Homeless Family Services who are 18 years and over. The benefits of such a service as an early intervention approach, to mitigate the trauma experienced as a result of homelessness are well documented<sup>32 33</sup>. The service is also essential given the excessive waiting times for assessments and accessing therapy related services (as highlighted in 9. below). Since the service commenced in May 2022, there have been 36 people accessing the service with a further 14 people on the waiting list. However, this post has only been funded for two years through a generous philanthropic donation.

Along with the immediate benefits of delivering therapy to service users, within their accommodation settings, we are seeing wider benefits of the role as the work of the Psychotherapist permeates through the services, raising awareness of needs and transferring skills to other staff to deliver services within a trauma informed approach.

## Recommendations

- Comprehensive and coordinated homeless prevention must be resourced as part of an integrated approach to address family homelessness with a continued focus on the urgency of increasing the supply of social and Cost Rental homes.
- Introduce a 'multi-disciplinary team approach' to deliver a range of interventions from a single source of diverse specialists that include a range of physical and mental health professionals, addiction and welfare support teams and translation services.
- 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 who can play a vital role in empowering children and ensuring they have equal access and opportunities within the community.
- Introduce mainstream funding for Psychotherapist roles to provide much needed therapeutic interventions to all families in emergency accommodation.
- Implement Housing First for Families or other measures to address the housing and support needs of families with more complex needs.

## 10. 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 an average waiting time of over 16 months and 4,613 children with overdue assessments, as reported by the end of 2022<sup>34</sup>.

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<sup>31</sup> Government of Ireland. (August 2023). From Poverty to Potential: A Programme for Child Poverty and Well-Being. Available at: <https://www.gov.ie/pdf/?file=https://assets.gov.ie/266235/6c4bf557-373d-4cb6-a91e-36f27106fe8b.pdf#page=null>

<sup>32</sup> 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>

<sup>33</sup> Siersbaek, R & Loftus, C. (2022). Supporting the mental health of children in families that are homeless: a trauma informed approach. Focus Ireland. Available at: [https://www.focusireland.ie/wp-content/uploads/2021/09/Supporting-the-mental-health-of-children\\_FINAL.pdf](https://www.focusireland.ie/wp-content/uploads/2021/09/Supporting-the-mental-health-of-children_FINAL.pdf)

<sup>34</sup> Baker, N. (Feb 2023). Irish Examiner article available at: <https://www.irishexaminer.com/news/arid-41064005.html>



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 are currently aware of 30 children across our services that are waiting for an Assessment of Need. Whilst 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 (as highlighted above). This then has a knock-on 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.

### 11. 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).<sup>35</sup>

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*<sup>36</sup> 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 the National Childcare Scheme (NCS) funding has been expanded to include children of families not in employment or training, much more is required to ensure financial sustainability and maintain the quality of provision of ELSAC services situated in disadvantaged areas. This is recognised as a priority in the Government's First 5: Implementation Plan<sup>37</sup> that includes an action to develop a programme for the delivery of Early Learning and Care (ELC) in the context of concentrated disadvantage, that is informed by the DEIS model. These issues have also been highlighted as a priority for Government in the recently published plan to alleviate Child poverty<sup>38</sup> and as referenced earlier. 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.

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<sup>35</sup> Heckman, J. (2015) The Economics of Human Potential

<sup>36</sup> ESRI (2020) Child Poverty in Ireland and the Pandemic Recession. Accessible at: [https://www.esri.ie/system/files/publications/BP202104\\_1.pdf](https://www.esri.ie/system/files/publications/BP202104_1.pdf)

<sup>37</sup> First Five Implementation Plan 2019-2021. Available at:

[https://first5.gov.ie/userfiles/pdf/5223\\_5156\\_DCYA\\_EY\\_ImplementationPlan\\_INTERACTIVE\\_Booklet\\_v1.pdf#view=fit](https://first5.gov.ie/userfiles/pdf/5223_5156_DCYA_EY_ImplementationPlan_INTERACTIVE_Booklet_v1.pdf#view=fit)

<sup>38</sup> Government of Ireland. (August 2023). From Poverty to Potential: A Programme for Child Poverty and Well-Being. Available at: <https://www.gov.ie/pdf/?file=https://assets.gov.ie/266235/6c4bf557-373d-4cb6-a91e-36f27106fe8b.pdf#page=null>



A recent study examining food insecurity in Ireland<sup>39</sup> found that 70% of parents were at some point worried about being able to provide sufficient food for their family. Their findings show that food poverty in Ireland is worsening and families are increasingly skipping meals; cutting down on household bills like fuel to ensure they have enough money for food and; resorting to food banks or relying on vouchers to provide sufficient food for their children. Access to affordable nutritious food is key to a child's development and meaningful participation in education programmes. Currently only five out of Respond's seventeen services receive food/meal grants.

### Recommendations

- Continue to increase core funding for services on an on-going basis, taking into account both inflation and any agreed sector pay scales. Funding should be based on capacity and not children's attendance, to offer flexibility without financial consequences to families and providers.
- Increase the Graduate Premium paid directly to staff to further incentivise the recruitment and retention of graduates.
- 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. The proposed Equal Participation Model would be welcome however, it must follow a child led/centred approach and have the flexibility to allow childcare providers to address multiple disadvantage faced by their cohorts of children.
- Extend the Access and Inclusion Model (AIM), beyond the Early Childhood Care and Education (ECCE) scheme so that children who require additional supports can access them as early as possible.
- The recently announced planned rolled out of the hot school meals programme to all DEIS primary schools and special schools from 2024 should be expanded to include all ELSAC services along with investment of additional resources to ensure that all services can provide a hot meal.

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<sup>39</sup> Barnardos and Aldi. Food Insecurity in Ireland. (2023) Available at:  
[file:///C:/Users/reyhana.cushnan/Downloads/res\\_food\\_insecurity\\_report\\_2023\\_0817.pdf](file:///C:/Users/reyhana.cushnan/Downloads/res_food_insecurity_report_2023_0817.pdf)