




2018 Annual Report & Financial Statements



promoting sustainable communities



Sustainable communities are ones that last – they are places that are well planned, with good quality housing, places where people want to live and where they have opportunities

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Who We Are and What We Do

Who We Are

The Housing Agency is a government body working with the Department of Housing, Planning and Local Government (DHPLG), Local Authorities and Approved Housing Bodies (AHBs) in the delivery of housing and housing services. The Agency also implements the Pyrite Remediation Scheme and is the interim regulator of the AHB sector.

The Agency's vision is to promote the building of sustainable communities. We promote the supply of housing to meet current and future needs and demand by being a centre of expert knowledge on housing, supporting housing policy development and implementing effective housing programmes in collaboration with others.

We are subject to the Code of Practice for the Governance of State-Sponsored Bodies and the Public Spending Code. We work to act in a fully accountable and transparent way.

The Agency's Values Are:



Integrity and independence in meeting our objectives



Dedicated and committed to professionalism, collaboration and our role in the delivery of shared objectives



Innovative and future focused in applying knowledge, initiative and pushing boundaries in our thinking



Accountable to and engaged with our stakeholders and the Department in delivering progress



Open and respectful to new ideas and solutions, as well as in our dealings with colleagues and stakeholders

Our Role

The Agency supports the delivery and management of social housing by local authorities and AHBs. We work closely with the DHPLG in the development and implementation of housing policy.

We were formally established in 2012, but our role has developed

significantly since then. Following the publication of Rebuilding Ireland, the Government's Action Plan for Housing and Homelessness in July 2016, we took the lead in the delivery of a wide range of actions under this plan, including: the establishment of a Housing Procurement Unit and a One Stop Shop for AHBs; the

roll out of an acquisition program to buy 1,600 dwellings from banks and financial institutions; and work in relation to the rental sector and utilising vacant homes.

How We Are Managed

We are governed by a Board appointed by the Minister of Housing, Planning and Local Government.

Michael Carey was appointed as the new Chair of the Agency in April 2018, replacing Conor Skehan. The Board is responsible for shaping our priorities, providing strategic leadership and overseeing the implementation of our functions. The Board has established an Audit and Risk Committee to oversee the key areas of financial and risk management, and a Strategy Committee to monitor the

strategic planning and implementation in the Agency.

The day-to-day work and provision of services are carried out by the Executive and staff of the Agency. Our Executive carries out, manages and controls generally, the administration and business of the Agency, all subject to the supervision of the Board. It is led by our Chief Executive, John O'Connor, who is responsible for leadership and direction of all executive functions.

We are the interim Regulator for the AHB sector and these activities are reported in a separate annual report. The Regulation Office is overseen by an interim Regulatory Board.

The Housing Agency has responsibility for the implementation of the Pyrite Remediation Scheme. This Scheme is governed the Pyrite Resolution Board.

The Housing Agency is a team of dedicated housing professionals working towards delivering sustainable and affordable housing for all

Using our knowledge and expertise we lead the way in informing and delivering housing policy. We are uniquely positioned to understand the needs of the Irish housing sector through our active engagement with others.

The Housing Agency provides a range of housing-related services and manages some key projects



Our Board

Our Board consists of a Chairman and seven members appointed by the Minister for Housing, Planning and Local Government. On the 31st December 2018, the Chairman, with seven sitting members were:



Michael Carey
Chairman



Tony O'Brien
Management Consultant



Donal McManus
Irish Council for Social
Housing



John Burke
Department of Expenditure
and Public Reform



Mary Hurley
Department of Housing,
Planning and Local
Government



Conn Murray
Limerick City and County
Council



Fiona Lawless
Meath County Council



John O'Connor
Chief Executive

Audit and Risk Committee

The Housing Agency Audit and Risk Committee membership in 2018 was as follows:

- **Tony O'Brien**, Management Consultant
- **Caroline Gill**, Pyrite Remediation Board
- **Donal McManus**, Irish Council for Social Housing
- **Fiona Lawless**, Meath County Council

Strategy Committee

The Housing Agency Strategy Committee was established in June 2018, with the following membership:

- **Michael Carey**, Chairman
- **John Burke**, Department of Public Expenditure and Reform
- **Tony O'Brien**, Management Consultant
- **Mary Hurley**, Department of Housing, Planning and Local Government
- **Donal McManus**, Irish Council for Social Housing
- **John O'Connor**, Chief Executive, Housing Agency
- **David Silke**, Director of Research and Corporate Affairs, Housing Agency
- **Ciara Galvin**, Board Secretary, Housing Agency

Our Staff

The Housing Agency had 66 staff at the end of 2018. The senior management team was as follows:

- **John O'Connor**, Chief Executive
- **David Silke**, Director of Research and Corporate Affairs
- **Susanna Lyons**, Head of Regulation
- **Jim Baneham**, Head of Housing Supply and Mortgage Supports
- **Peter Hesse**, Project Management and Procurement Officer
- **Margaret Jordan**, Head of Finance

Key Achievements From 2018

266
funding applications
assessed to provide over
5,000 homes



Over **962** homes
sourced for social housing
under different acquisition
programmes



434
homes remediated and
handed back under the Pyrite
Remediation Scheme



137
Mortgage to Rent cases
completed



Advice on social housing
projects given to supply
233 homes



247
regulatory assessments and 27
financial assessments reports
issued under AHB Regulation.
Performance Standard for
AHBs launched



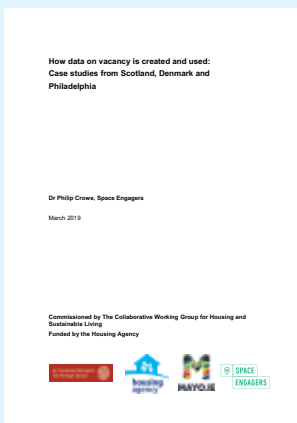
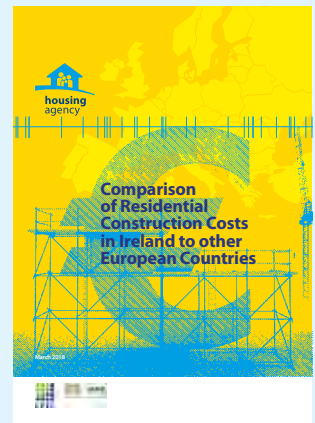
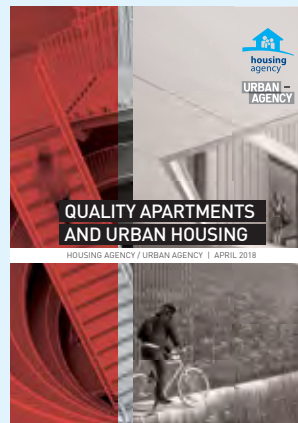
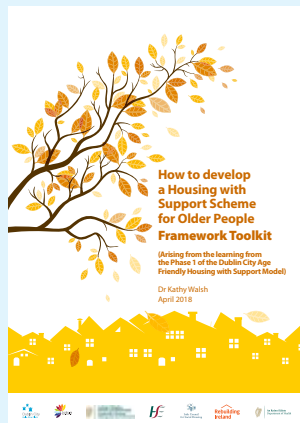
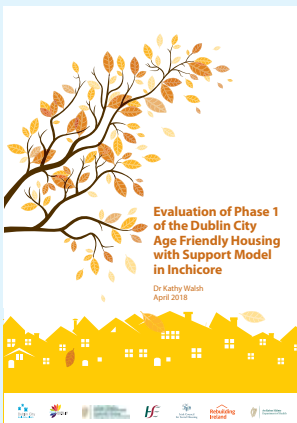
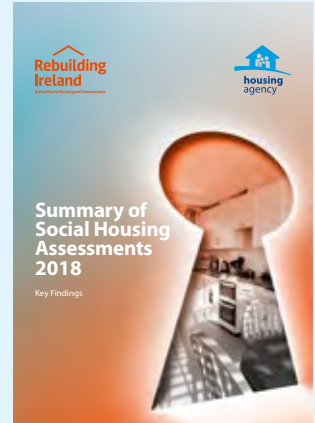
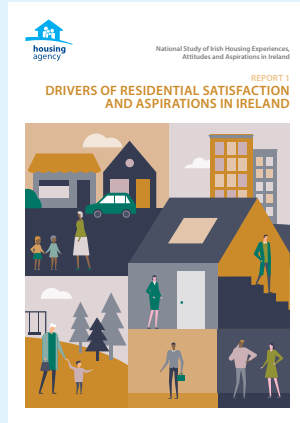
1,550
Rebuilding Ireland Home
Loans approved with total
value of €293 million



Housingforall.ie
website launched



Research Publications 2018





Chairman's and Chief Executive's Statement

Over the last twelve months we have worked and collaborated with many organisations to achieve our aims and support the implementation of *Rebuilding Ireland: Action Plan for Housing and Homelessness*. These included; the Department of Housing, Planning and Local Government, local authorities, approved housing bodies, the Housing Finance Agency, the Residential Tenancies Board, NAMA, the Land Development Agency, the Irish Council for Social Housing, banks and many other public and private sector organisations.

We continue to face major challenges in meeting our housing needs. Core to this is ensuring that we have an adequate supply and availability of homes, and housing that is affordable, whether it is to rent or buy.

The Agency has published its second strategic plan with a focus on these three main challenges; supply, affordability and security. Under the new Strategic Plan 2019 – 2021, we will work with others in the housing sector to build sustainable communities.

Sustainable communities are ones that last – they are places that are well planned, with good quality housing, places where people want to live and where they have opportunities. These factors help a community to function well. Our focus will be on creating sustainable communities within our villages, towns and cities.

Affordability is also critical. Housing needs to be affordable to rent or buy. Some households on low incomes require social housing or housing support to ensure their housing costs are affordable. Some households have sufficient incomes and finance to rent or buy in the private market. There is a group of households in the middle who may require some assistance to rent or buy and there needs to be a focus on assisting these households.

Some measures have already been taken to assist buyers, including the Help to Buy scheme and the Rebuilding Ireland Home Loan. There also is a real need to build up a cost rental sector in Ireland where rents are linked to the cost of providing and maintaining the home on a large scale. Cost rental can play a key role in making renting a more affordable and a secure long-term housing option.

There are also specific challenges facing particular groups or certain areas, for example: high rents in certain urban areas, households dealing with mortgage arrears, those who are homeless or at risk of homelessness and those waiting for social housing, in particular.

The Government has taken several actions to address these challenges:

- In 2016 the Government published “Rebuilding Ireland Action Plan for Housing and Homelessness” and continues to implement the actions contained in this plan across the five areas, addressing homelessness, accelerating social housing, building more homes, improving the rental sector and utilising existing housing
- The National Planning Framework was published in 2018 and was designed to guide, at a high-level, strategic planning and development for the country over the next 20+ years
- The National Development Plan, which was also published in 2018, set out the investment priorities

that underpin the successful implementation of the National Planning Framework

- Abhaile, set up in 2016, is a national service run by MABS to help homeowners find a resolution to their home mortgage arrears.

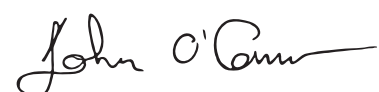
Looking ahead, we aim to have a real impact on people's lives and particularly their housing experiences. To do this, over the coming year, the work of the Housing Agency will focus on five interconnecting themes:

1. Being a centre of knowledge on housing.
2. Optimising supply and utilisation of housing.
3. Understanding housing demand and affordability.
4. Realising results through our people.
5. Meeting governance and service.

Finally, we would like to take this opportunity to thank all those who work with and for the Agency to deliver progress, including its dedicated staff and board members. Our particular appreciation to board members who completed their terms of office during 2018: Conor Skehan and Michael Walsh. We thank the Minister for Housing, Planning and Local Government, Eoghan Murphy, TD and the Minister of State at the Department with special responsibility for Housing and Urban Development, Damien English, TD and their officials for their continued support of the Agency



Michael Carey
Chairman



John O'Connor
Chief Executive



€76m



in funding was provided directly to the Agency in 2016 and 2017 under Rebuilding Ireland

Performance Report

Objective

Enable increased supply through the promotion of quality and sustainability in housing delivery and management.

266

P&A/CALF applications had Financial Assessments and Appraisal Reports completed during 2018

Approved Housing Body (AHB) Services Unit

The Housing Agency established the AHB Services Unit in 2017 in accordance with Rebuilding Ireland (Action 2.14). This unit currently has four staff and provides assistance to the Department of Housing, Planning and Local Government (DHPLG), AHBs and local authorities to support AHB led delivery.

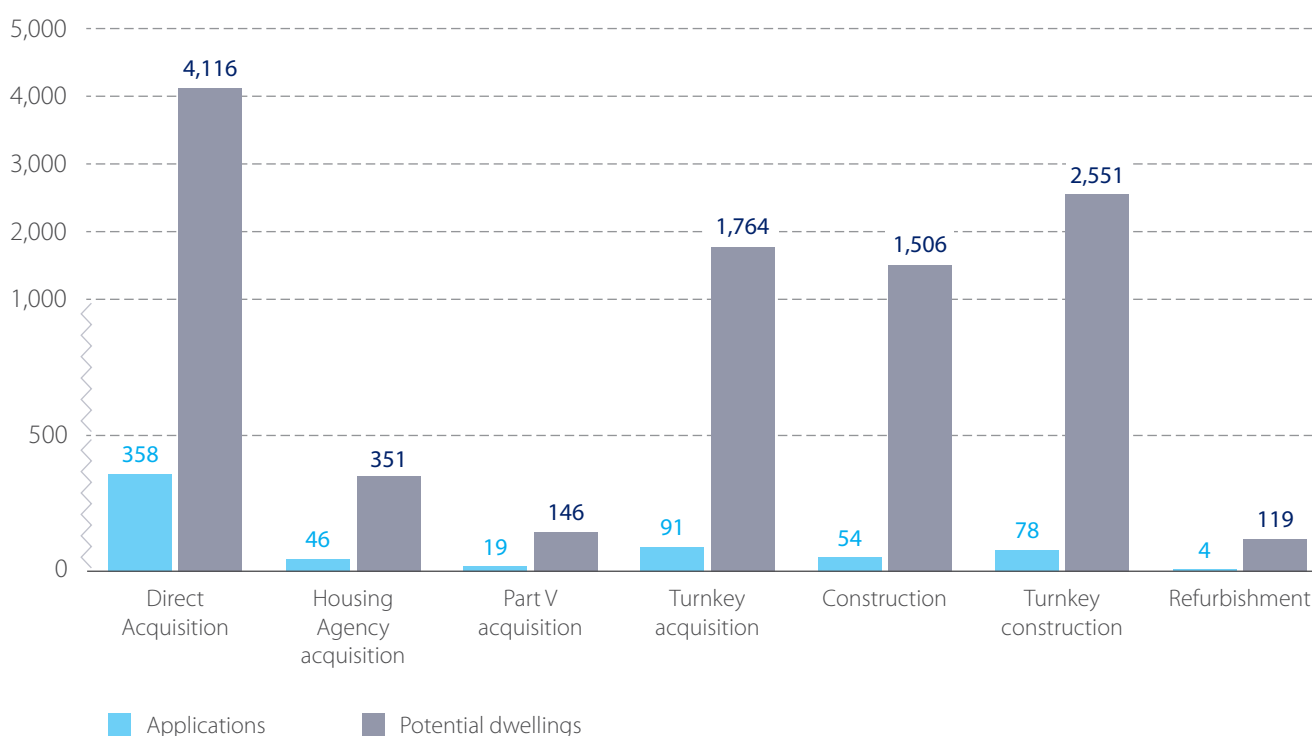
The main funding arrangements for delivery of social housing by Approved Housing Bodies (AHBs) is by way of

Payment and Availability Agreements (P&A) coupled with a secondary loan called Capital Advanced Leasing Facility (CALF). This funding is for the purchase, construction or refurbishment of housing that will be made available for social housing purposes. The Housing Agency carries out the financial appraisals of applications for funding by AHBs and provides the Department with recommendations on the level of CALF and P&A required for each proposal.

Progress

Financial Assessments and Appraisal

CALF appraisals applications and project type 2016 to Dec 2018



5,185

potential homes in P&A/
CALF assessments carried
out in 2018

2019

saw a review of HAP
application form led by
the Housing Agency

Reports were completed for 266¹ P&A/
CALF applications during 2018. The
total number of potential homes in
these assessments totaled 5,185. The
comparable figures for 2017 were 2,43¹
appraisals amounting to 4,102 homes.
From 2016 through to December 2018,
the Agency has appraised a total of 650
applications with a potential yield of
10,553 dwellings. This is broken down by
type of supply on the table above.

The AHB Services Unit carried out a review
of the P&A/CALF funding model on behalf
of the Department. The proposed changes
to the financial model and processes are
set to be adopted in Q2 2019.

The AHB Services Unit facilitated a review
of the existing AHB protocol during 2018,
with the aim of improving coordination
between the relevant bodies. Following a
series of communications and meetings
with the relevant local authorities and
AHBs, the updated protocol was approved
by the Dublin Housing Directors group
and adopted in May 2018.

The AHB Services Unit continued to
expand its contract preparation service
throughout 2018. This service is now
available to all local authorities for all
approved P&A and CALF projects, as well
as for AHBs entering long-term leasing
arrangements with private landlords.

The AHB Services Unit is providing
ongoing support to the Department

as to the most appropriate option
for utilising existing capital funded
properties by the AHB sector to leverage
funding for new developments.

The AHB Services Unit supports the
development of innovative financial models
by the sector. Throughout 2018, the AHB
sector has sought to widen its delivery to
include affordable or cost rental housing
alongside traditional social rented provision.
The AHB Services Unit has assisted with
policy advice and financial modelling of
mixed tenure schemes for the Department
and a number of AHBs.

Housing Assistance Payment (HAP)

HAP was introduced in late 2014 on a pilot
basis and has been rolled out nationally
in stages, becoming a national scheme in
2017. The payment was introduced to
allow people eligible for social housing,
with a long-term housing need, to live in
private rental accommodation. It will
eventually replace Rent Supplement for
those with a long-term housing need.
The Housing Agency has been a key
player in the implementation of this
new initiative nationally.

Progress

The Housing Agency continued to
assist both local authorities and the
Department with the implementation of
the scheme. The Agency led the review
of the HAP application form, with the
updated form due for circulation by the
end of January 2019.

As well as coordinating the HAP Practitioners
Committee and HAP Practitioners Forum,
the Agency is a member of the HAP Project
Board and the HAP Process Committee.

“The AHB Services Unit continued to expand its contract
preparation service throughout 2018. **This service is now
available to all local authorities for all approved P&A and
CALF projects**, as well as for AHBs entering long-term leasing
arrangements with private landlords”

¹ There is a small element of overlap with previous years as some projects are reassessed where
planning permission or tender process outcomes require changes.

962

homes sourced

411

purchases completed

“€76m in funding was provided directly to the Agency in 2016 and 2017, and **this funding is to be rotated by selling purchased homes to AHBs**. In addition, the Agency has continued to purchase homes directly for local authorities”

Housing Acquisitions

Under *Rebuilding Ireland*, the Agency was given a brief to actively engage with banks and investment companies with a view to acquiring 1,600 homes by the end of 2020. €76m in funding was provided directly to the Agency in 2016 and 2017, and this funding is to be rotated by selling purchased homes to AHBs. In addition, the Agency has continued to purchase homes directly for local authorities.

Progress

In 2018, the Agency completed the purchase of 201 homes using the €70m revolving fund to add to the 17 purchased in 2016 and 365 in 2017, bringing the total purchased to 583 homes. The purchase of a further 244 homes using the fund was in progress at the end of 2018.

Once a property is purchased using the fund, it is passed over to an AHB under caretaker lease in advance of being sold to the AHB. The caretaker lease allows the AHB to carry out repairs and tenant the property while the sale is progressing.

In 2018 the Agency sold 251 homes to AHBs. Adding this to the 36 homes sold in 2017 brings the total to 287, with contracts signed for the purchase of a further 16. By the end of 2018 the number of tenanted homes was 367.

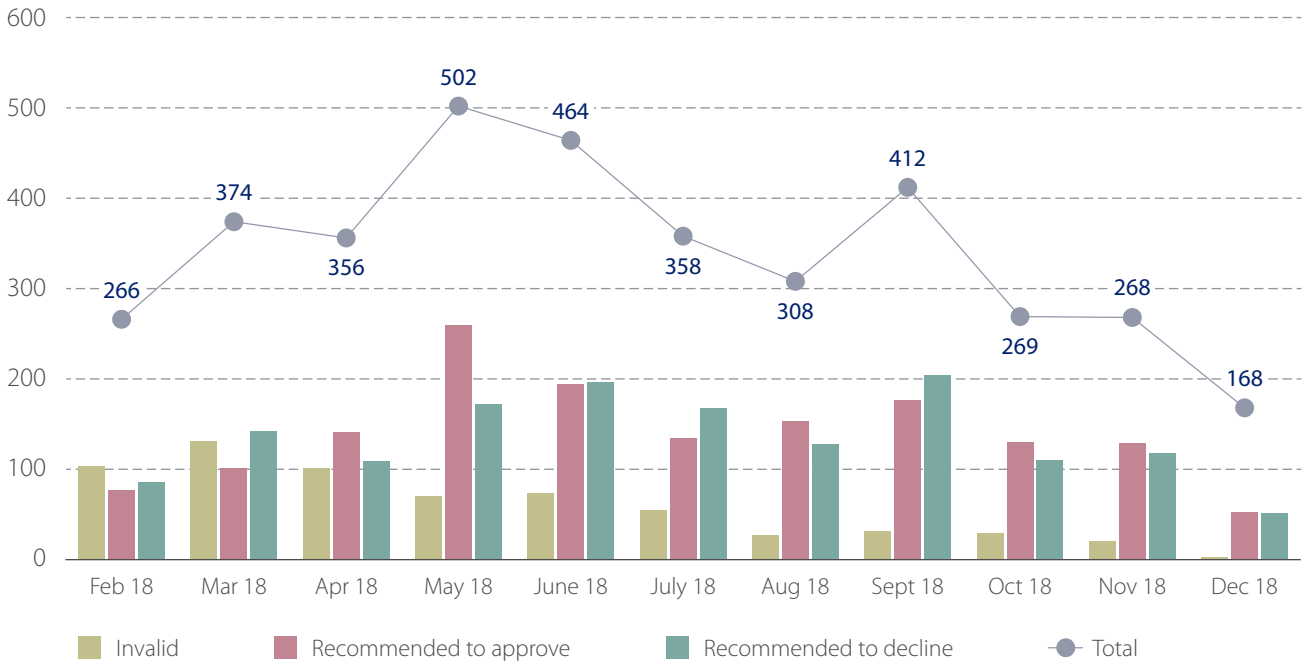
Property Sourcing

In addition to acquisitions using the revolving fund, the Agency completed the purchase or sourcing of properties through various methods. These were:

Sourcing method	Completed purchases At 31 December 2018	Sales agreed At 31 December 2018
€70m revolving fund	201	244
Direct purchase for Local Authorities	58	239
Housing First initiative (homeless)	29	68
Nama loan portfolio	110 ²	0
Large properties for use as family hubs or turnkey purchases	13	0
Total	411	551

2 Bringing the overall total of properties sourced through Nama to 2,445 to the end of December 2018.

Rebuilding Ireland – delivery loan underwriting cases



National Loan Underwriting Services

Local authorities provide house purchase loan products. The Housing Agency provides central loan underwriting services to local authorities nationally. In February 2018, a new Rebuilding Ireland Home Loan was introduced, making home ownership more affordable for first-time buyers through fixed interest rates for 25 to 30 years.

Progress

In 2018, a total of 3,853 (108 House Purchase and 3,745 Rebuilding Ireland Home) loan applications were received for underwriting. Of the 3,036 valid applications underwritten, 51% were recommended for approval. Of the 168 applications noted below in respect of December 2018, 61 were still in progress.

National Housing Strategy for People with Disabilities

The Department of Housing, Planning and Local Government and Department of Health have in place a National Housing Strategy for People with Disabilities. The Housing Agency convenes the housing sub-group and supports the implementation of housing actions. A total of 1,579 homes were allocated to people with a disability in 2018. This represented 20% of all allocations from local authorities in 2018.

Progress

Key actions undertaken by the Agency during 2018 to support the strategy included:

1. Delivery of training session to representatives from the Housing and Disability Steering Groups
2. Brought Local Authority facilitators and representatives together to discuss the year-to-date and to highlight the need for strategic planning in relation to housing for people with a disability

40

sites active in 2018 to provide housing

3. Developed a synopsis of the Guidelines for the Assessment and Allocations Process for Housing Provision for People with Disabilities. The aim of this synopsis is to act as a quick reference guide for frontline staff in local authorities, and
4. Development of the housingforall.ie website, which provides a pathway and links to information required to enable the reader to easily understand and access universal standards and guidance in terms of designing a home applicable to every person's appropriate needs.

Land Development and Management

At the end of December 2018, the Agency had 83 sites in its ownership

situated across the country. The Agency has a responsibility to manage these sites, but more importantly, to identify appropriate sites for development of housing.

Progress

Three of the Land Aggregation Scheme sites have been fully transferred to date. Overall, 40 sites, as outlined in the Agency's Strategic Development and Management Plan, are active with regard to the future provision of housing.

Following an Expression of Interest process in October 2018, expressions of interest were received from AHBs for 9 sites which had been identified as Suitable for Immediate Development. Interest was also expressed by AHB's on an additional 10 secondary sites in the Strategic Development and Management Plan.

Disposals completed for development

Transfer/disposal	Development
Disposal to Department of Education and Skills	A school
Three sites transferred to Dun Laoghaire Rathdown County Council	155 homes (50 of which will be cost rental)
Transferred to Approved Housing Body	Homes for older people

Future transfers progressing

Methods of development	Development
Four sites are included in Public Private Partnership Funding Mechanisms	227 homes
Nine sites being developed by Local Authorities	146 homes
Three sites comprising 11.5ha approved for Local Infrastructure Housing Activation Funding	Number of homes to be determined
Sixteen further sites progress to transfer	Minimum of 373 homes to be delivered

962

homes could be delivered with Housing Agency procurement support and advice

250

portable modular homes could be delivered over the next 4 years

“Following the establishment of a procurement unit in 2016, **the Housing Agency continued to provide specialist procurement consultancy advice** to the Department, local authorities, Irish Council of Social Housing (ICSH) and AHBs in 2018”

Housing Projects and Procurement

The Housing Agency provides technical and project management advice to local authorities and AHBs. The assistance given covers all stages of project development from feasibility study, through design, tender, construction and handover.

Procurement

Following the establishment of a procurement unit in 2016, the Housing Agency continued to provide specialist procurement consultancy advice to the Department, local authorities, Irish Council of Social Housing (ICSH) and AHBs in 2018.

Progress

Ongoing engagement with the Department, the ICSH and local authorities about procurement options and offering advice and services.

Following a request by the Department, the Housing Agency in consultation set up a framework for the supply of temporary portable modular homes, to be used by local authorities and AHBs nationwide. The Housing Agency also prepared a guidance document relating to the operation of the mini-competitions for use by the stakeholders. The framework has the capacity to deliver up to 250 homes over the next 4 years.

Type of support and advice	Delivery
Management of tenders and appointment of full consultant design teams for all tiers within AHBs for 7 housing projects	Delivering 45 homes
Management of tender and appointment of consultant team for feasibility study for inner-city complex	Potential delivery of AHB 60 apartments
Specialist procurement assistance to local authorities in the appointment of professional and technical consultants required for the project delivery	Delivery of 75 homes
Specialist procurement assistance to local authorities in the appointment of 3 works contractors required for the project delivery	82 homes
Provision of continued assistance to Cork City Council with phase 2 of an on-going Competitive Dialogue procurement process	Potential delivery of 700 homes

247

AHBs were appraised during the assessment cycle 2017/18

83%

of AHBs demonstrated high levels of compliance with regulations

Projects

Progress

The Housing Agency provided project management, design, and contract administration for the following construction projects:

- Completion and handover of 15 homes at Mitchel's Regeneration, Tralee, Co. Kerry
- Commenced construction of 10 homes and associated site development works at Bree, Castleblayney, Co. Monaghan.

The Agency provided cost consultancy, quantity surveying and contract administration for a number of construction projects for Cork City Council.

In addition, following requests from local authorities, the Agency carried out pre-leasing site surveys and completed building condition reports.

Regulation of Approved Housing Bodies

The Regulation Office remains focused on its primary goal of working to protect AHB assets and safeguard the interests of current and future tenants. AHBS continue to strengthen and enhance their Governance, Financial Viability and Performance Management. Now in its fifth year, regulation is firmly embedded within the sector. The Regulation Office for Approved Housing Bodies is governed by an interim Regulatory Committee appointed by the Minister for Housing, Planning and Local Government and it is committed to the highest standards of performance and governance.

Progress

247 AHBs were appraised during the assessment cycle 2017/18, with 83% of AHBs demonstrating high levels of compliance. The AHBs assessed represent 31,080 homes under the regulatory framework. The AHB Sector continued to show a strong commitment to ensuring it is well-managed, well-governed and financially viable.

The Regulatory Framework continued to advance, with the launch of the Performance Standard in December 2018, the final standard in the series.

The Financial Standard continued to be embedded, with Tier 3 AHBs showing considerable commitment to this extensive requirement. Additionally, ten Tier 2 AHBs participated in the Financial Standard pilot which provided important learnings to the Regulation Office.

Two key issues materialised in 2017/18:

1. Progressing the publication of the Housing (Regulation of Approved Housing Bodies) Bill is critical. The move from a Voluntary Regulatory Framework to a Statutory Framework was anticipated to provide assurances to investors, tenants, the Government and to the sector itself that AHBs operate in a well-regulated and stable environment
2. The determination by Eurostat and the CSO in December 2017, classifying many Tier 3 AHBs as 'on balance sheet' has created uncertainty in the sector. The implications of this decision and classification for the sector remains under review.



137 households

availed of the Mortgage to Rent Scheme in 2018 bringing the overall total to 445



987

cases were active in the MTR Scheme at the end of 2018

Objective

Provide a range of resolution services to address national housing issues.

Mortgage Arrears Resolution Process

Mortgage Arrears Resolution Process (MARP) requires all lenders (banks and funds) to adhere to a process for borrowers who fall into arrears with their mortgage. It is designed to help the borrower negotiate their arrears with their lender.

Local Authority Mortgage to Rent (LAMTR) is an alternative solution when no arrangement can be put in place under MARP and is in operation within all local authorities.

Progress

The Housing Agency assisted the Department in drafting a circular for local authorities regarding the LAMTR process to be followed.

The Agency provided advice and support to local authority staff on all aspects of Mortgage Arrears Resolution Process (MARP), including Local Authority

Mortgage to Rent and the Restructuring of Shared Ownership Loans, throughout the year. The Agency organised training for local authorities on MARP. It continues to provide advice and support to networks established on a regional basis to share experience and good practice.

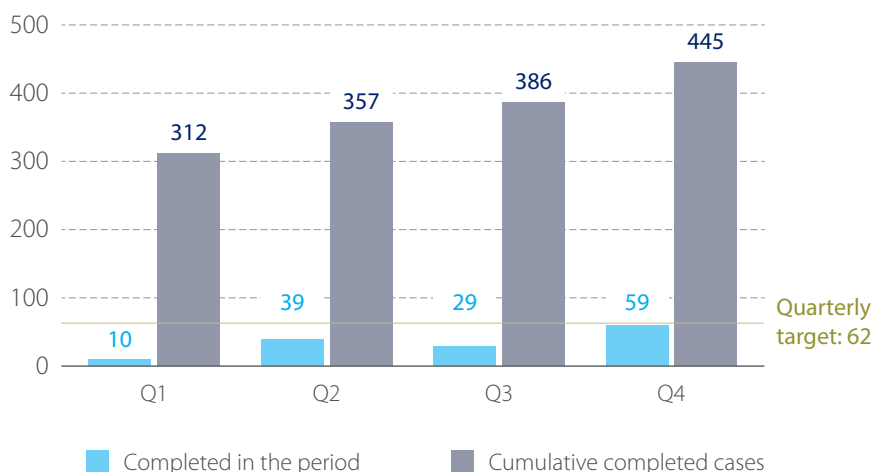
Mortgage to Rent

The Housing Agency acts as the national coordinator for the Mortgage to Rent (MTR) Scheme; a Government initiative to help homeowners who are at risk of losing their homes.

Progress

137 households availed of the MTR Scheme in 2018 bringing the overall total to 445. In addition, a total of 987 cases were active at the end of the year. A private company, *Home For Life*, was approved to offer Mortgage to Rent and were operating with 2 lenders by the end of 2018.

Mortgage to Rent 2018



€30m

was allocated in funding to the Pyrite Remediation Scheme for 2018

1,378

houses have had pyrite remediation works completed by the end of 2018

Pyrite Remediation Scheme

The Housing Agency implements the Pyrite Remediation Scheme on behalf of the Pyrite Resolution Board. The Housing Agency currently has a programme of works extending into 2020. This is based on the volume of applications approved and the timing of those applications. The funding allocation for 2018 was €30m.

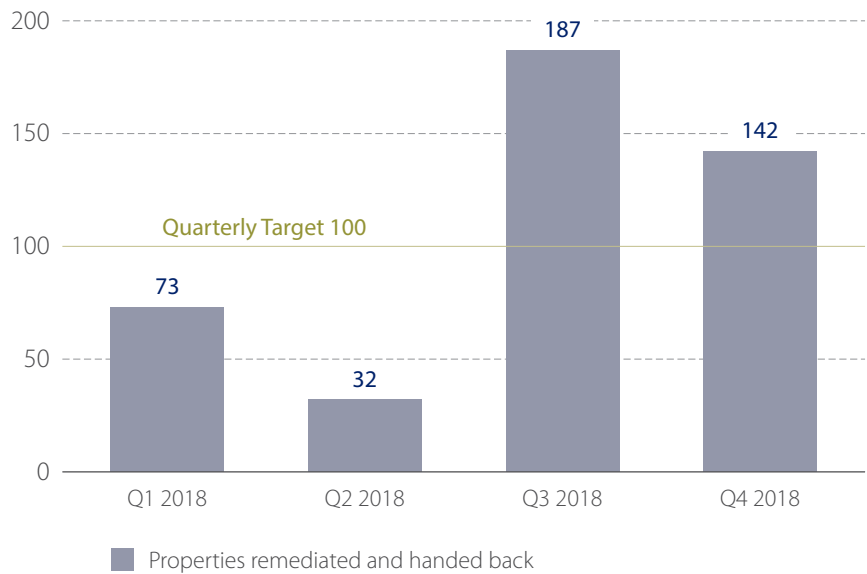
Progress

Up to end of December 2018, 2,256 applications had been received under the Pyrite Remediation Scheme and 1,900 have been approved for inclusion in the scheme.

The milestone of 1,000 homes remediated under the scheme was achieved in March 2018. By the end of 2018, remediation has been completed in 1,378 homes, including 434 homes during 2018. This is 34 homes above target for the year.

In addition to monitoring by the appointed consultant design professionals, over 3,000 documented inspections have been carried out by Housing Agency technical personnel to ensure repair works met the required standards.

Pyrite Remediation Scheme – Delivery



“Over **3,000 documented inspections have been carried out** by Housing Agency technical personnel to ensure repair works met the required standards”





1,200

householders surveyed as part of the National Study of Irish Housing Experiences, Attitudes and Aspirations



10

reports published in 2018 are now available on the Agency's website

Objective

Be a knowledge centre for housing policy and practice.

Research and Publications

Progress

The Housing Agency had a very active research programme in 2018. The following research projects were

progressed during the year and published reports are available on the Agency's website.

Project	Progress
Summary of Social Housing Assessments	<p>Support and advice: Over 2018 the Agency provided ongoing advice on assessment regulations to local authorities and the Department. The Agency also collated and assessed the social housing data and produced the final report.</p> <p>Analysing the data: The Summary of Social Housing Assessments 2018 brings together information provided by local authorities on households that are qualified for social housing support but whose social housing need is not currently being met. This is now carried out on an annual basis, and in 2018 the assessment was carried out on 11th June. The data was analysed by the Agency and results submitted to the Minister. The final report was published in September 2018.</p>
National Statement of Housing Supply and Demand	The Housing Agency commissioned research examining how vacancy is identified in other cities and countries. The project, completed by Space Engagers, used Scotland, Denmark and Philadelphia (USA) as case study examples examining the creation and use of databases on vacancy. The research was completed in October 2018.
National Housing Survey	This National Study of Irish Housing Experiences, Attitudes and Aspirations focused on national housing and neighbourhood satisfaction, attitudes to different tenures and affordability. It is based on a nationally representative survey based on face-to-face interviews of 1,200 householders. There are a series of reports emanating from this research, with Report 1 (Drivers of Residential Satisfaction in Ireland) and Report 2 (Irish Residential Satisfaction) published in November 2018. Further reports will include: Renting in Ireland: Experiences and Attitudes; Homeownership in Ireland: Experiences and Attitudes and Future Housing Aspirations.
Apartment standards – design guide	Quality Apartments and Urban Housing, published in April 2018, is a handbook that provides architects, planners, developers and other housing professionals in the private and public sector with an introduction to the elements that contribute to the design of good quality apartments and urban housing. By considering a range of layouts and typologies and by drawing on examples from around Europe, the guide aims to demonstrate the potential of good design to make apartments the dwellings of choice.
Owner Management Companies (LOT A)	This research project was commissioned and managed by the Agency and completed by PwC. The Directory, which was completed in May 2018, provides an up-to-date listing of Owner Management Companies in Ireland. It also provides an analysis of the most recent company accounts and director reports for a sample of Owner Management Companies, which provided information on: the level of sinking funds available, debt levels and cash available.

Project	Progress
Owner Management Companies (LOT B)	Jointly commissioned with Clúid, this research examines the performance of Owner Management Companies in Ireland, reviews international comparisons and makes recommendations. Draft recommendations were discussed at a workshop held in November 2018, and the researcher has compiled a final report to be published in June 2019. .
Research partnership with Dublin City Council	The Agency provides support to Dublin City County (DCC) in commissioning and managing research projects. One example is an Evaluation of Dublin City Council Age Friendly Housing Model in Inchicore. The overall aim of this project was to develop a new model of housing for older people where care, support and community dimensions are provided onsite, integrated into the community and designed with older people at the centre. An evaluation of the first phase of this project was jointly commissioned by DCC and the Agency. A toolkit was also developed to provide a guide for social housing providers interested in developing Housing with Support projects for older people. The evaluation and toolkit were completed and jointly launched in May 2018 by Ardmhéara / Lord Mayor Mícheál Mac Donncha and Minister for Housing and Urban Development, Damien English TD.
Vacancy research: case studies	The Housing Agency commissioned research examining how vacancy is identified in other cities and countries. The project, completed by Space Engagers, used Scotland, Denmark and Philadelphia (USA) as case study examples examining the creation and use of databases on vacancy. The research was completed in October 2018.
ALONE – Housing for Older People in Ireland	The Housing Agency supported ALONE to produce a report: “Housing Choices for Older People in Ireland – Supply and Demand” in July 2018. This report explores the various housing options that a “spectrum of housing” for older people should include. It outlines the supply and demand of the options currently available, the future demand for the options, and the investment that should be put in place over the next 10 years.
Housing for All	The Agency designed the ‘Housing for All’ website, which went live in September 2018. The website provides a roadmap to key legislation and guidance on designing housing to meet the needs of all. This includes guidance on designing: wheelchair accessible housing, housing to suit older people, people with dementia, people who have a sensory impairment, people with a mental health condition and for people who have autism.
Housing for Older People	<p>The “Thinking Ahead: Independent and Supported Housing Models for an Ageing Population” report was launched by Minister English in November 2018. This report details 19 case studies of housing for older people across Ireland with varying scales of support services. It showcases best practice examples of housing projects developed/ being developed. The report includes lessons learned from schemes developed and managed by local authorities, housing associations and by the private sector.</p> <p>The Agency also made a Submission to the Joint Oireachtas Committee on Housing, Planning and Local Government on Housing for Older People.</p>
Domestic violence and family homelessness	The Agency is jointly sponsoring this research with Focus Ireland. The contract for the research was awarded in late 2018 to Trinity College following an open procurement. The research examines the links between domestic violence and homelessness, with a focus on service provision and co-ordination. A Research Advisory Group has been established.
Expert Review Group on Traveller Accommodation	The Expert Group was established by Minister English to review the Traveller Accommodation Act 1998 and other legislation that impacts the provision and delivery of accommodation to Travellers. The Agency is providing Secretariat support to the Expert Group. This includes management of consultation processes, research support, report drafting and general secretarial supports.

Project	Progress
Housing implications of Brexit	The Agency commissioned EY/DKM to review the likely effects of Brexit on the Irish housing market 2019–2022. While, at time of commissioning, there were still many uncertainties relating to Brexit, the location of job gains, and losses was considered likely to impact on housing demand. Possible impacts on mortgage arrears trends, supply chain links for construction materials and additional accommodation requirements for key customer workers will also be considered in the report. The review is due for completion in 2019.
Rent Pressure Zones	The Agency undertakes ongoing analysis of the local rental markets as required in the context of rent pressure zone legislation. The Agency has a key role under the legislation in the designation and de-designation of Rent Pressure Zones. Once an area recommended by the Agency meets the criteria set out in the legislation, it is designated as a Rent Pressure Zone. Also, where the Housing Agency recommends the de-designation of an area the Minister shall revoke the designation of that area as a Rent Pressure Zone.

Housing Policy Support to the Department and Local Authorities

In 2018 the Housing Agency assisted the Department and local authorities on a broad range of policy matters, including Assessment and Allocation procedures and their review, as well as Application Forms, HAP and RAS. The HAP application form was completed and is currently being tested in two local authorities. The social housing support application form will be completed in Q1 2019.

Standard Leasing

Standard leasing arrangements were first introduced in 2009 and allow local authorities and AHBs to lease suitable properties for a period of between 10 and 25 years to be used for social housing. In conjunction with the Department, the Housing Agency oversaw a review of the terms of the standard leasing agreements. This work

was completed, and the new template agreements were issued in the final quarter of 2018. The Agency provides general information on the scheme to property owners and potential investors, while assisting local authorities to develop procedures that aid the delivery of social housing through long-term leasing.

Enhanced Leasing Scheme

Enhanced leasing was introduced in 2018 to target newly built and yet to be built homes and apartments. So far there have been two Call for Proposals (CFP) under the Enhanced Leasing Scheme. The Scheme requires a minimum of 20 units within a local authority area. The first CFP commenced in January 2018 and the Housing Agency received 33 submissions, of which three are still active (the majority had no planning permission) and it is expected that leases will be signed early 2019.

The second CFP commenced in August 2018, and the Housing Agency received eight submissions and thirteen Pre-planning Suitability Assessment submissions were received. The Pre-planning Suitability Assessment was introduced to establish the suitability of

“The Housing Agency **assisted the Department and local authorities on a broad range of policy matters**, including Assessment and Allocation procedures and their review, as well as Application Forms, HAP and RAS”

1,700

housing practitioners registered as users of housingmanual.ie

a possible submission prior to obtaining planning.

It is hoped that in early 2019 the CFP will be opened again with no closing date, as it will be an ongoing project.

Differential Rents Policy

The Housing Agency carried out an analysis of the impact of various options under consideration by the Department for rent charging on existing local authority tenants in all local authority areas. An analysis of the outcome was submitted to the Department to assist it with its policy development considerations.

Part V of the Planning and Development Acts – Update 2018

Part V of the Planning and Development Act 2000 (Part V) provides for social and affordable housing obligations for developers.

A number of amendments were made to Part V by the Urban Regeneration and Housing Act 2015 (the 2015 Act) with the aim of making more social housing available and to provide for transparency in the Part V process. With increasing construction in the property market, it is more important than ever for developers and local authorities to understand these obligations and the various options available to comply with Part V.

In 2018, the Agency continued to support the Department, local authorities and individual developers regarding Part V of the Planning and Development Acts. In particular, on-site training was provided to Galway County and South Dublin County Councils.

Rental Accommodation Scheme

The Housing Agency led the review of the RAS Contracts. The review was completed, and new contracts issued to local authorities by Department

Circular in December 2018. The Housing Agency continued to support both local authorities and the Department on day-to-day queries and issues as they arose.

Housing Manual

The Housing Manual website, housingmanual.ie, continues to act as an important resource for approximately 1,700 housing practitioner registered users. The manual is updated with the latest key circulars, gives overview information on various housing policies and schemes, and hosts key documents. Topics include those relating to housing management, supply and pathways to home ownership. Over 2018, content was updated and functionality of the site improved.

Housing Practitioner Training

The Agency seeks to support housing professionals, including those working in local authorities and Approved Housing Bodies. We provide and collaborate on training opportunities and promote housing education programmes.

Progress

Over 2018 we made progress on the following key areas:

- Managed www.housingtraining.ie, which serves as a public resource on housing training, education and events
- Facilitated the **Housing Training Network group**, including the creation of the network's branding. At present, the network is made up of representatives from the Residential Tenancies Board (RTB), the Institute of Public Administration (IPA), the Chartered Institute of Housing (CIH) and the Irish Council for Social Housing (ICSH)
- Completed a **Housing Training Needs analysis** with Local Authority housing

25

local authorities have participated in the Rebuilding Ireland Home Loan training which accounts for 95% of applications

directors. Compiled in conjunction with the IPA, the analysis continues to inform the development of training events

- Developed the **Housing Agency Housing Education Bursary**. In 2018, bursary funding (which partly contributes to course fees) was offered to 31 housing professionals from several organisations, including five local authorities and nine Approved

Housing Bodies. The bursary has enabled recipients to take up places on the IPA's Level 8 Professional Diploma in Housing Studies and Level 6 Certificate in Housing, as well as the CIH accredited Level 4 (UK) Certificate in Housing which is run by the ICSH.

The Agency also supported the following programmes:

31

housing professionals offered a training bursary

Programme	Update
New Thinking for Housing	The IPA's workshop programme is aimed at housing managers.
Age Friendly Ireland's local authority-based training sessions on 'Housing and the Public Realm'	To support the continued roll-out of policy in this area, regional seminars held in Tullamore and Dublin.
iHouse training organised by the Local Government Management Agency (LGMA)	iHouse is the housing IT system used by the majority of local authorities across the country and ongoing training is vital for improving the quality of available housing data.
Why does Asset Management Matter?'	This seminar was organised in conjunction with the CIH. This event focussed on best practice in asset management across Ireland and the UK – we hosted approximately 60 attendees from across the local authority and approved housing body sector.
Build your Career in Housing	This event was organised by the Housing Agency in conjunction with the Housing Training Network. Aimed at professionals new to housing, it provided insights into established housing professionals' careers and opportunities for ongoing professional development. The evening was attended by approximately 50 delegates.
Rebuilding Ireland Home Loan training	The Housing Agency offers training to local authorities on the Rebuilding Ireland Home Loan scheme. This training is facilitated by the Head of Underwriting and the Senior Underwriter within the Housing Agency. This gives local authority staff an overview of the scheme, details on the application decision process and credit policy. To date, 25 local authorities have participated in the training which account for 95% of applications.

5

events to engage with the housing sector were organised in 2018

Engagement with the Housing Sector

The Agency engages with its stakeholders in several ways, which includes day-to-day engagements through its overall work. The Agency is represented on a variety of housing related fora and steering committees by the Agency Representatives. These include the Housing Practitioners Forum, Housing Analytics Group, the National

Planning Framework and more. Further to this, the Agency is also represented at speaking events such as conferences and seminars throughout the sector. The Agency also hosts key events to bring together the relevant parties to ensure there is active engagement on a more formal basis.

Progress

The following events were organised by the Agency in 2018:

Event	Outline
Housing Practitioners' Conference	The theme for the Housing Practitioners Conference was 'Providing More Homes' and was jointly organised with the Institute of Public Administration. It included presentations on Key Challenges for Housing, and Social and Affordable Housing. The event featured a broad range of speakers from the Department, local authorities, AHBs and academia and took place on 17 and 18 May 2018 in the Royal Marine Hotel in Dún Laoghaire.
Housing Data Seminar	This event, organised by the Housing Agency, focussed on Housing Data and unlocking the data-driven opportunities within housing. It discussed potential sources and linkages as well as Housing Market Dynamics. The seminar took place on 4 July 2018 in Wood Quay Venue within Dublin City Council's office.
Annual Conference	The Agency held its Annual Conference on 21 November 2018 in Dublin, with 'Solid Foundations for Sustainable Housing' as the theme. Minister Eoghan Murphy opened the conference, which was aimed at the wider housing sector.
Affordable Housing Seminar	The Housing Agency hosted speakers from the European Network for Housing Research to share their experience with housing practitioners in Dublin. The seminar took place on 7 December 2018 in Dublin.
Mixed Tenure Seminar	On 12 December 2018 the Housing Agency launched a report in The Alex Hotel, Dublin, entitled 'Rebuilding the Irish Neighbourhood: How can we make mixed tenure communities work?'. The report was commissioned by Tomar Trust with the assistance of Cork County and City Councils. Dr Aideen Hayden and Bob Jordan, the authors of the report, presented their findings alongside a presentation from Dr.Tony Manzi, Sheffield Hallam University.





Governance Statement and Board Member's Report

The Housing Agency recognises the importance of good governance and strives to operate to best practice. This section contains the Governance Statement and Board Members' Report.

Governance

The Board of the Housing Agency was established under Establishment Order SI 264 of 2012. The functions of the Board are set out in section 5 of the Order. The Board is accountable to the Minister for Housing, Planning and Local Government and is responsible for ensuring good governance. The Board performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Housing Agency are the responsibility of the Chief Executive (CE) and the senior management team. The CE and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CE acts as a direct liaison between the Board and management of the Housing Agency.

Board Responsibilities

The work and responsibilities of the Board are set out in the Terms of Reference of the Board, which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- Declaration of interests
- Risk
- Reports from committees
- Performance reports
- Reserved matters, and
- Financial reports/management accounts.

Section 11 of the Order requires the Board of the Housing Agency to keep, in such form as may be approved by the Minister for Housing, Planning and Local Government with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

Section 25 of the Pyrite Resolution Act, 2013 requires the Housing Agency to prepare financial statements annually and to submit them to the Comptroller and Auditor General for audit.

In preparing these financial statements, the Board of the Housing Agency is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for ensuring that the Housing Agency keeps or causes to be kept adequate accounting records which correctly explain and

“The Board is accountable to the Minister for Housing, Planning and Local Government and is **responsible for ensuring good governance**. The Board performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues”

“The Board is responsible for **ensuring that the Housing Agency keeps or causes to be kept adequate accounting records** which correctly explain and record the transactions of the Housing Agency”

record the transactions of the Housing Agency, enable at any time the assets, liabilities, financial position and the income and expenditure of the Housing Agency to be determined with reasonable accuracy, which enables the Board to ensure that the financial statements comply with Section 11(1) of the Establishment Order, 2012 and Section 25(1) of the Pyrite Resolution Act 2013.

The maintenance and integrity of the corporate and financial information on the Housing Agency's website is the responsibility of the Board.

The Board is responsible for approving the annual Business Plan and budget and this was carried out in 2018. In December 2018, the board reviewed performance of the Agency against the Business Plan

with regular financial reports presented throughout the year providing review against the annual budget.

The Board is also responsible for safeguarding its assets and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of the Housing Agency give a true and fair view of the financial performance and the financial position of the Housing Agency at 31 December 2018.

Board Structure

The Board consists of a Chairman, and seven members, all of whom

Board structure

Board member	Organisation	Appointment term
Conor Skehan	Chairman	Appointed July 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2018 to allow recruitment of new Chairman Resigned April 2018
Michael Carey	Chairman	Appointed 27th April 2018 to 26th April 2023
Donal McManus	Irish Council for Social Housing	Appointed January 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2022
Mary Hurley	Department of Housing, Planning and Local Government (DHPLG)	Appointed Oct 2017 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2022
Tony O'Brien	Management Consultant	Appointed July 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2020
John Burke	Department of Public Expenditure and Reform (DPER)	Appointed May 2016 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2022
John O'Connor	Chief Executive, Housing Agency	Appointed January 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2022
Conn Murray	Limerick City and County Council	Appointed 1st November 2018 to 31st October 2020
Fiona Lawless	Meath County Council	Appointed January 2018 to 31st Dec 2022
Michael Walsh	Waterford City and County Council	Appointed January 2018 to 31st Oct 2018

“The Committee **ensures that the internal control systems, including audit activities, are monitored actively and independently**. The ARC reports to the Board after each meeting, and formally in writing annually”

are appointed by the Minister for Housing, Planning and Local Government. The members of the Board meet on a monthly basis. The terms of the Chairman and all members expired on the 31st December 2018.

The Board commenced a self-evaluation assessment in December 2018 and will be commencing an external Board Effectiveness and Evaluation Review in 2019, which will be completed in 2019.

Sub Committees of the Board

The Board has established two committees:

- The Audit and Risk Committee, and
- A Strategy Committee.

The Audit and Risk Committee comprises of three Board members and one independent member. The role of the Audit and Risk Committee (ARC) is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation.

In particular, the Committee ensures that the internal control systems, including audit activities, are monitored actively

Schedule of attendance, fees and expenses in 2018 – Housing Agency Board

	Board meetings due to attend	Board meetings attended (9 meetings)	Audit & Risk Committee (4 meetings)	Fees 2018	Expenses 2018
Conor Skehan (resigned April '18)	4	4	n/a	Nil	Nil
Michael Carey (appointed April '18)	5	5	n/a	Nil	Nil
Donal McManus*	9	8	4	Nil	Nil
Mary Hurley*	9	7	n/a	Nil	Nil
Tony O'Brien	9	9	4	Nil	Nil
John Burke*	9	7	n/a	Nil	Nil
John O'Connor*	9	9	n/a	Nil	Nil
Michael Walsh (resigned Oct '18)*	8	4	n/a	Nil	Nil
Fiona Lawless*	9	9	3	Nil	Nil
Conn Murray (appointed Nov '18)*	1	1	n/a	Nil	Nil

* Seven members did not receive a Board fee under the One Person One Salary (OPOS) Principle.

Other Board members were not in receipt of a fee. Board meeting costs for the period amounted to €718.

“In April 2018, **Michael Carey was appointed to the position of Chairman, replacing Conor Skehan**”

and independently. The ARC reports to the Board after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are Tony O'Brien (Chairman), Donal McManus, Fiona Lawless, and Caroline Gill. There were four meetings of the ARC in 2018. There are no fees paid to members of the Audit and Risk Committee.

The Strategy Committee was established in June 2018 and comprises of six Board members and two staff members of the Agency. The Strategy Committee met twice during 2018. The members of the Strategy Committee are Michael Carey (Chairman), John O'Connor, Mary Hurley, John Burke, Donal McManus, Tony O'Brien, David Silke and Ciara Galvin.

Key Personnel Changes

One member of the Board resigned during the year at the end of their appointment. In accordance with the Establishment Order, 2012, the Minister appointed one new member. In April 2018, Michael Carey was

appointed to the position of Chairman, replacing Conor Skehan.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the Housing Agency has complied with the requirements of the Code of Practice for the Governance of State Bodies (“the Code”), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits Breakdown

Employees’ short-term benefits in excess of €60,000 are outlined below.

Legal Costs and Settlements

No settlements were paid in the reporting period.

The PRB Legislation provides that the PRB may recover from any party with liability, and the capacity, all or part of the costs associated with remediating a dwelling under the Scheme. The PRB is taking action, where considered appropriate,

Employee short-term benefits

Salary (€)	No. of staff 2018	No. of staff 2017
Under 60,000	40	35
60,000-70,000	9	7
70,000-80,000	8	5
80,000-90,000	4	4
90,000-100,000	1	2
100,000-110,000	2	1
110,000-120,000	0	1
120,000-130,000	1	0

Consultancy costs

	2018 €	2017 €
Business improvement	194,978	101,025
Legal advice	30,907	39,121
Pension advice	7,319	27,656
Other	19,565	155,590
	252,796	323,392

“The Housing Agency **undertook a gap and compliance analysis and has implemented the recommendations** arising from this. The Agency has also appointed a Data Protection Officer”

to pursue builders and/or developers for a contribution towards the costs of the works. As the Exchequer funding provided for the pyrite remediation purposes is routed through the Housing Agency, Legal fees to the value of €12,345 were paid to the Housing Agency in 2018 in respect of costs incurred by the Pyrite Resolution Board on behalf of three defendants in relation to cases under the agreed strategy for recovering costs from parties liable.

Hospitality

In the reporting period €1,654 was spent in respect of hospitality, including entertaining. A total of €7,539 was spent on canteen costs during the reporting period.

Travel and Subsistence

Travel and subsistence expenditure of staff is categorised in the table below.

This is included in employment costs as part of Travel and other staff costs (Note 6). There was no travel or subsistence expenditure in respect of Board members.

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State

Bodies (2016). It has put procedures in place to ensure compliance with the Code and can confirm that it is compliant.

Conflicts of Interest and Ethics in Public Office Act, 1995

The Agency developed a Conflict of Interest Policy in 2016, as the Agency comes within the scope of the Ethics in Public Office Act, 1995. This was incorporated into the overall policy and procedure adopted to manage Conflicts of Interest. In line with the Ethics in Public Offices Act 1995, where required, Board members and Senior Management have completed statements of interest in compliance with the provisions of the Act. Procedures are in place for the ongoing disclosure of interests by Board members.

Freedom of Information Act, 2014

The Agency came under the provisions of the Freedom of Information Act, 2014 (FOI Act, 2014), on 14 April 2015. We received five FOI requests in 2018. Our Publication Scheme came into effect in 2016 and is available on our website. There have been no requests received in 2018 under the Access to Information on the Environment (AIE) regulations.

Data Protection Acts, 1988 and 2003

The Agency is a registered data controller and data processor under the Data Protection Acts. The Agency operates in accordance with a formal Data Protection Policy. The General Data Protection Regulation came into force on the 25th May 2018 replacing the

Travel and subsistence expenditure

	2018 €	2017 €
Domestic travel	85,433	70,198
International travel	6,009	5,061
Total	91,442	75,259

existing data protection framework under the EU Data Protection Directive. The Housing Agency undertook a gap and compliance analysis and has implemented the recommendations arising from this. The Agency has also appointed a Data Protection Officer.

Protected Disclosures Act, 2014

The Protected Disclosures Act, 2014, requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information to employees regarding these procedures. The Agency has these procedures in place. During 2018, no protected disclosures were made by an employee of the Agency under the terms of the legislation.

“The Pyrite Resolution Act 2013 prescribes the Housing Agency to **carry out the remediation scheme on behalf of the PRB**. The Housing Agency is also the body which provides the PRB with an executive function through the management of finances, and some resources”

Pyrite Resolution Board membership and fees

Board	Fees 2018 €	Expenses 2018 €
Jack Keyes	12,478	6,436
Caroline Gill	1,600	Nil
Alex Flood	4,200	Nil
Sean Balfe*	Nil	Nil
Derek Sinnott*	Nil	Nil

* Two members who did not receive a Board fee under the One Person One Salary (OPOS) Principle.

Taxation

The Agency confirms compliance with tax laws. Procedures are in place to ensure that the Board is exemplary in its compliance with its obligations under taxation laws and that all tax liabilities are paid on or before the relevant due dates.

Pyrite Resolution Board

The Pyrite Resolution Board (PRB) is the governing structure of the Pyrite Remediation Scheme and is separate to the Housing Agency Board. This PRB is appointed by the Minister of Housing, Planning and Local Government. The Board was established following the commencement of the Pyrite Resolution Act 2013 on the 10th January 2014, to make a scheme for the remediation of damage to certain dwellings caused by pyritic heave, and to direct and oversee the effective implementation of a programme of remediation works for affected dwellings. The Board is led by Chair, Jack Keyes, in conjunction with the executive functions being undertaken by the General Manager, Aidan O'Connor.

The Pyrite Resolution Act 2013 prescribes the Housing Agency to carry out the remediation scheme on behalf of the PRB. The Housing Agency is also the body which provides the PRB with an executive function through the management of finances, and some resources. The Housing Agency has responsibility for the implementation of the Pyrite Remediation Scheme.

Under the Pyrite Resolution Act 2013, the PRB are prescribed to submit an annual report to the Minister no later than 30 June each year, outlining performance of its functions under the Act. The financial aspects of the PRB are formally contained with the Housing Agency annual financial statements.

Financial Statements

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Audit Certificate



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Housing and Sustainable Communities Agency

Opinion on the financial statements

I have audited the financial statements of the Housing and Sustainable Communities Agency for the year ending 31 December 2018 as required under paragraph 11 of the Housing and Sustainable Communities Agency (Establishment) Order 2012 and Section 25 of the Pyrite Resolution Act 2013. The financial statements comprise

- The statement of income and expenditure
- The statement of other comprehensive income
- The statement of financial position
- The statement of changes in equity
- The statement of cash flows and
- The related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the Agency's assets, liabilities and financial position at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the international Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Agency and have fulfilled my other ethical responsibilities in accordance with the standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Agency has presented certain other information together with the financial statements. This comprises the annual report, including the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

Non-compliant procurement

I draw attention to the statement on internal control which discloses a number of instances of non-compliance with public procurement guidelines and the steps taken by the Agency to address the matter.

Seamus McCarthy
Comptroller and Auditor General

30 June 2019

Responsibilities of Board members

As detailed in the governance statement and Board members' report the Board members are responsible for

- The preparation of financial statements in the form prescribed under paragraph 11 of the Housing and Sustainable Communities Agency (Establishment) Order 2012 and Section 25 of the Pyrite Resolution Act 2013
- Ensuring that the financial statements give a true and fair view in accordance with FRS102
- Ensuring the regularity of transactions
- Assessing whether the use of the going concern basis of accounting is appropriate, and
- Such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under paragraph 11 of the Housing and Sustainable Communities Agency (Establishment) Order 2012 and Section 25 of the Pyrite Resolution Act 2013 to audit the financial statements of the Agency's and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going

concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events of conditions may cause the Agency to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express and form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attached to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- The accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- The financial statements are not in agreement with the accounting records.

Statement on Internal Control 2018

Scope of Responsibility

On behalf of the Housing Agency I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Housing Agency for the year ended 31 December 2018 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The Housing Agency has an Audit and Risk Committee (ARC) comprising three Board members and one external member, with financial and audit expertise, one of whom is the Chair. The ARC met five times in 2018. The Housing Agency has also established an internal audit function which is

adequately resourced and conducts a programme of work agreed with the ARC.

The ARC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are required to work within the Housing Agency's risk management policies, to alert management on emerging risks and control weakness and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

The Housing Agency has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the fullest extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Housing Agency and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC annually and as risks change. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes have been documented

- Financial responsibilities have been assigned at management level with corresponding accountability
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management (and the Board)
- There are systems aimed at ensuring the security of the information and communication technology systems.

On-going Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following on-going monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Reports conducted by Internal Audit in 2018 identified weaknesses in controls relating to information technology. An internal audit report completed in 2018 raised a concern in respect of clear text protocols on three

websites administered by the Housing Agency. Once reported, the issues were remedied immediately.

Procurement

I confirm that Housing Agency has procedures in place to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted under internal control issues below.

Review of Effectiveness

I confirm that the Housing Agency has procedures to monitor the effectiveness of its risk management and control procedures. The Housing Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the Housing Agency is responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2018.

Internal Control Issues

The Statement of Internal Control for 2017 identified expenditure that was incurred in relation to goods and services where procedures did not comply with procurement guidelines. The nature of the services procurement was such that they carried over into 2018.

In respect of 2018, total expenditure of €1,112,524 was incurred in relation to

goods and services where procedures employed did not comply with procurement guidelines. The services employed related to legal services, insurances, IT supplies, design services, advisory services and office furniture. Of the €1,112,524 costs, €824,474 related to contracts under the Acquisitions Programme that were carried over from 2017, with the balance of €288,050 relating to general operating costs.

In respect of the Legal Services, as noted in the 2017 Annual Report, the Agency identified a need to engage conveyancing services in mid-2015. This was required to purchase properties for use as social housing, which would be directly purchased by Local Authorities or by the Agency for resale to Approved Housing Bodies. The Agency liaised with the OGP in respect of this, and it was confirmed that the OGP were establishing a legal services framework. The Agency confirmed that they would use this once established. However, the framework was not established when the Agency required the services and was not put in place until December 2016. As an interim measure the Agency undertook a restricted tender process that was intended to be an interim measure but was utilised pending the OGP framework being available. The Agency has since procured legal services from the OGP Framework. Contracts were entered into prior to the OGP panel becoming available and expenditure in the amount of €658,433 with two legal firms was carried over into 2018. In our Annual Report for 2016, we noted that at the end of that year, the Agency had bids that had been accepted on 288 dwellings, but that just 29 of those purchases had closed. In addition, bids were outstanding at that time on an additional 106 dwellings. The carry-over of legal costs into 2017 and 2018 relates

to the completion of these purchases and the onward disposal of these to Approved Housing Bodies.

In respect of insurance costs, this primarily related to insuring properties purchased under the Housing Acquisitions Programme. It was not envisaged that the Agency would hold ownership of properties for a long period of time. However, there were significant delays in respect of reselling these properties to approved Housing Bodies, accordingly the Agency incurred unexpected costs. The Agency incurred insurance costs of €336,114 in 2018 before the procurement process was carried out. This included the commissioning fees of €67,229. The Agency procured insurance brokerage services in 2018 through the OGP Framework.

In respect of IT supplies, costs were incurred with one supplier in the amount of €103,085. The Agency did not carry out procurement in respect of these, however, this supplier is on the OGP Framework. The purchase of IT goods is planned for Q1 2019 under the Housing Agency's Procurement Plan.

Other services related to property sourcing and evaluation services for the Acquisitions Programme, which amounted to a cost of €98,812 in 2018, prior to the services being tendered. This service has been tendered for, and contracts entered into during 2018.

In respect of graphic design services, the Agency incurred costs of €67,504 with one supplier, however procurement was undertaken in May of 2018, with a contract entered into in September 2018.

Other areas which incurred expenditure were the purchase of office furniture €44,689, banking services €40,614

and advises regards the transfer of the National Building Agency Pension Scheme into the Housing Agency €32,158. All of the services and purchases form part of the Housing Agency Corporate Procurement Plan for 2019.

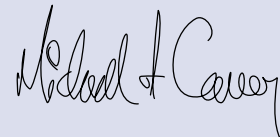
Finally, specialist advice was urgently required in respect of the transfer of National Building Agency pension fund. It was considered that this would be lower than €25,000; however, the final amount was €32,158.

In respect of overall improvements to procurement within the Agency, the

following steps have been undertaken to resolve these items and ensure greater compliance with procurement guidelines:

- A Corporate Procurement Plan has been drafted including an annual operational procurement plan. The Housing Agency has updated all procurement policies and procedures in line with recent guidance from the Department of Finance
- Following this, staff training was undertaken to improve understanding and awareness of procurement requirements throughout the Housing Agency

- Standard Templates have been centralised for all steps of procurement processes
- The Agency has identified the need for a full-time role to focus on corporate procurement within the Agency.



Michael Carey
Chairman

25 June 2019

Statement of Income and Expenditure

For the year ended 31 December 2018

	Notes	2018 €	2017 €
Income			
Housing & Sustainable Communities Grant	4.1	7,046,919	5,158,529
Pyrite Fund	4.1	30,000,000	25,547,798
Pyrite Remediation – Other Income	4.6	–	678,572
Staff and services supplied by Homebond	4.8	370,752	347,636
Fee Income	4.2	253,729	554,876
Fingal Recoupment	4.3	185,404	233,497
Recoupment of Expenses from State Bodies	4.3	602,977	401,991
Rental Income	4.4	137,535	32,139
Sale of Land Aggregation sites	4.5	–	25,000
Other Income	4.7	491,338	52,625
Deposit Interest		91	–
Deferred Funding for Retirement Benefits	14(c)	1,222,162	874,000
Total Income		40,310,907	33,906,663
Transfer from / (to) Capital Reserves		138,310	65,911
Transfer from / (to) Acquisition Reserves		(497,833)	–
		39,951,384	33,972,574

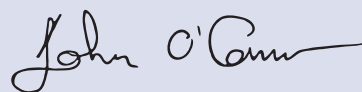
	Notes	2018 €	2017 €
Expenditure			
Employment Costs	5	3,945,000	3,527,633
Office Administration Costs	6	1,263,704	973,487
Legal and Professional Fees	7	1,666,686	971,770
Pyrite Remediation Scheme	8	29,671,690	25,274,708
Legal and Professional Fees – Local Authorities	16	151,556	325,844
Sale of Land Aggregation sites	4.5	2	–
Fingal Costs	16	166,127	278,337
Payment to the Exchequer	4.6	–	678,572
Homebond staff and services	4.8	370,752	347,636
Depreciation	9	159,057	137,965
Retirement Benefit Costs	14(a/e)	1,050,328	686,688
National Building Agency Costs	19	15,597	13,580
Total Expenditure		38,460,499	33,216,220
Surplus for the year		1,490,885	756,354

Notes 1 to 22 form part of these Financial Statements. The financial statements were approved by the board on 25 June 2019 and signed on behalf of the Board by:



Michael Carey
Chairman

25 June 2019



John O'Connor
Chief Executive

25 June 2019

Statement of Other Comprehensive Income

For the year ended 31 December 2018

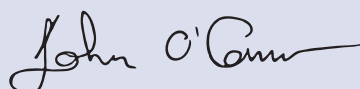
	Notes	2018 €	2017 €
Surplus for the year		1,490,885	756,354
Main and single scheme actuarial gain/(loss) on retirement benefits liabilities	14(b)	614,000	(6,280,000)
Main and single scheme deferred retirement benefit funding	14(c)	(614,000)	6,280,000
NBA scheme change in actuarial assumptions	14(e)	369,000	–
NBA scheme experience gains/(loss)	14(e)	30,000	–
NBA scheme return on plan assets excluding interest	14(e)	(445,000)	–
Gain / (loss) on land revaluation reserve	9	55,069,272	–
Total comprehensive income for the year		56,514,157	756,354

Notes 1 to 22 form part of these Financial Statements. The financial statements were approved by the board on 25 June 2019 and signed on behalf of the Board by:



Michael Carey
Chairman

25 June 2019



John O'Connor
Chief Executive

25 June 2019

Statement of Financial Position

For the year ended 31 December 2018

	Notes	€	2018 €	€	2017 €
Non Current Assets					
Tangible fixed assets			61,415,817		6,484,857
Current Assets					
Work in progress	10	166,322		75,437	
Housing acquisitions – Deposits and stock of houses for resale	17	60,732,431		64,844,915	
Receivables	11	393,691		580,541	
Cash at bank and in hand	12	<u>40,528,012</u>		<u>14,837,337</u>	
		101,820,456		80,338,230	
Current Liabilities					
Payables	13	<u>(25,946,621)</u>		<u>(4,944,630)</u>	
Net current assets			<u>75,873,835</u>		<u>75,393,600</u>
Total assets less current liabilities before retirement benefits			137,289,652		81,878,457
NBA retirement benefit asset	14(e)	12,312,000		–	
NBA retirement benefit liability	14(e)	(7,929,000)		–	
Deferred retirement benefit funding	14(c)	10,532,000		9,867,000	
Retirement benefit liabilities	14(b)	<u>(10,532,000)</u>		<u>(9,867,000)</u>	
			4,383,000		–
Net assets			141,672,652		81,878,457

Statement of Financial Position (contd.)

For the year ended 31 December 2018

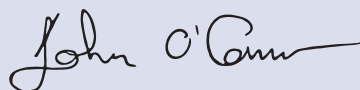
	Notes	€	2018 €	€	2017 €
Capital and Reserves					
Capital contribution	1.15		1,944,145		1,944,145
Housing acquisitions reserve	17		70,941,198		71,940,850
Capital reserve	1.13		4,905,228		5,043,538
Revenue reserves			4,429,809		2,949,924
Revaluation reserve			55,069,272		–
NBA retirement benefit reserve	14(e)		4,383,000		–
			141,672,652		81,878,457

Notes 1 to 22 form part of these Financial Statements. The financial statements were approved by the board on 25 June 2019 and signed on behalf of the Board by:



Michael Carey
Chairman

25 June 2019



John O'Connor
Chief Executive

25 June 2019

Statement of Changes in Equity

For the year ended 31 December 2018

Reserves	Retained Earnings €	Acquisition Reserve €	Capital Contribution Reserve €	Capital Reserve €	Revaluation Reserve €	NBA Retirement Benefits Reserve €	Total €
As at 1st January 2018	2,949,924	71,940,850	1,944,145	5,043,538	–	–	81,878,457
Surplus for the year	56,514,157	–	–	–	–	–	56,514,157
Transfer to/(from) Revenue	–	497,833	–	–	–	–	497,833
Acquisition surplus/ deficit (Note 17)	–	(1,497,485)	–	–	–	–	(1,497,485)
Transfer to revaluation reserve	(55,069,272)	–	–	–	55,069,272	–	–
Transfer to/(from) Revenue	35,000	–	–	(138,310)	–	(35,000)	(138,310)
Balance of NBA retirement benefit transfer	–	–	–	–	–	4,418,000	4,418,000
As at 31st December 2018	4,429,809	70,941,198	1,944,145	4,905,228	55,069,272	4,383,000	141,672,652
As at 1st January 2017	2,193,570	9,952,025	1,944,145	409,449	–	–	14,499,189
Surplus for the year	756,354	61,988,825	–	–	–	–	62,745,179
Addition of property	–	–	–	4,700,000	–	–	4,700,000
Transfer (to)/from Revenue	–	–	–	(65,911)	–	–	(65,911)
As at 31st December 2017*	2,949,924	71,940,850	1,944,145	5,043,538	–	–	81,878,457

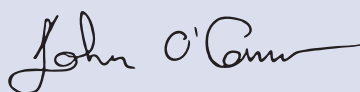
* Due to a reclassification of costs (see note 3) the opening balances on the Revenue Reserve and Acquisition Reserve have been amended but there is no change to total opening reserves.

Notes 1 to 22 form part of these Financial Statements. The financial statements were approved by the board on 25 June 2019 and signed on behalf of the Board by:



Michael Carey
Chairman

25 June 2019



John O'Connor
Chief Executive

25 June 2019

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 €	2017 €
Reconciliation of Net Movement for the Year to Net Cash Inflow from Operating Activities			
Total Comprehensive Income for the year		56,514,157	756,354
Depreciation	9	159,057	137,965
Revaluation of Land Held	9	(55,069,272)	–
Transfer (from) / to Capital Reserve		(138,310)	(65,911)
Transfer (from) / to NBA Retirement Benefit Reserve		35,000	–
Deposit Interest		(91)	–
Grants Received for Housing Revolving Fund	17	497,833	66,788,975
Amounts Paid for Acquisition of Properties	17	(53,211,087)	(68,958,803)
Amount Received from Sales, Rent & Refunds of Properties	17	55,826,085	9,265,763
(Increase) / Decrease in Receivables		95,965	3,011,972
Increase / (Decrease) in Payables		21,001,992	1,603,598
(Gain) / Loss on Sales of Land	4.5	2	(25,000)
Net Cash generated from Operating Activities		25,711,331	12,514,913
Cash Flow Statement			
Net Cash Inflow/ (Outflow) From Operating Activities		25,711,331	12,514,913
Cash flows from Investing Activities			
Purchase of Tangible Fixed Assets	9	(20,747)	(72,054)
Sale of Land Aggregation Site	4.5	–	25,000
Cash flows from Finance Activities			
Deposit Interest Received		91	–
Increase / (Decrease) in Cash		25,690,675	12,467,859

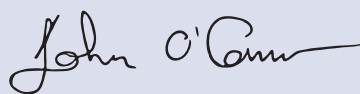
	Notes	2018 €	2017 €
Reconciliation of Net Cash Flow to Movements in Net Funds			
Net Funds at 01 January 2018		14,837,337	2,369,478
Net Funds at 31 December 2018		40,528,012	14,837,337
Increase / (Decrease) in Cash		25,690,675	12,467,859

Notes 1 to 22 form part of these Financial Statements. The financial statements were approved by the board on 25 June 2019 and signed on behalf of the Board by:



Michael Carey
Chairman

25 June 2019



John O'Connor
Chief Executive

25 June 2019

Notes to the Financial Statements

For the year ended 31 December 2018

1

Accounting Policies

The basis of accounting and significant accounting policies adopted by the Agency are set out below. They have all been applied consistently throughout the year and for the preceding year.

General Information

1.1 Establishment of the Housing Agency

The Housing Agency was established on a statutory basis on 1 August 2012 under the Housing and Sustainable Communities Agency (Establishment) Order 2012. The functions of the Agency are as follows:

- Shared and central services; research, advisory, information and training services, consultancy, technical and strategic planning services, procurement and agency services
- At the request of the Minister, the preparation, holding, management and publication of indices of residential property, including indices in relation to residential housing sales and residential property rents
- The arrangement, co-ordination and provision of social and economic regeneration, including the development and improvement of land and infrastructure, and
- The coordination of, and contribution to, the resolution of issues relating to unfinished housing developments.

The Housing Agency operated through the Housing and Sustainable Communities Limited (HSC Ltd) pending its establishment on a statutory basis. The assets and liabilities of HSC Limited were transferred to the Housing Agency in 2013. The assets transferred included development lands and lands held under the Land Aggregation Scheme (Note 9).

Additional functions

The Pyrite Resolution Board – This Board was established on 10 January 2014 under the Pyrite Resolution Act 2013. The key functions of the scheme are to make a scheme for pyrite remediation and implement and oversee the scheme. Under the Act, the Housing Agency's role is to administer the scheme and make payments on behalf of the Pyrite Resolution Board. These financial statements recognise funding received from the Department of Housing, Planning and Local Government and Expenditure incurred in relation to pyrite remediation.

Regulation Office for Approved Housing Bodies – From 2014, the Housing Agency has been given responsibility, on an interim basis, for regulating Approved Housing Bodies (AHBs). The Housing Agency has established a Regulation Office to support this work and reports to an interim Regulatory Committee appointed by the Minister. Regulation of the sector is based on a Voluntary Regulation Code: Building for the Future – a voluntary regulation code for AHBs in Ireland.

Assisting Local Authorities in purchasing housing – From July 2015, the Housing Agency also purchases houses from liquidators/receivers on behalf of Local Authorities. The stock held is not the property of the Agency. Closing balance of funds received is included under payables in the Statement of Financial Position. See Note 13 and 16 and accounting policy 1.16.

National Building Agency – From 1st October with the agreement of the Department of Housing, Planning and Local Government, the Housing Agency became the principal employer of the National Building Agency (NBA) Superannuation Scheme. A liquidator was appointed to the NBA on the 16 January 2019. It is envisaged that the liquidating process will take 1 year.

Action Plan for Housing and Homelessness

In 2016 the Agency was tasked with engaging with banks, investors and other potential owners of multiple property portfolios on a national basis by way of a revolving grant of €76million, and selling these properties to housing bodies and Local Authorities. The Agency intends to make neither a profit or a loss on these transactions. Certain costs incurred by the Agency are charged against the fund. See Note 17, accounting policy 1.7

1.2 Statement of Compliance

The financial statements of the Agency for the year ended 31 December 2018 have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRC).

1.3 Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in Ireland and with the Code of Practice for the Governance of State Bodies. The statements are in a form approved by the Minister for Public Expenditure and Reform, and by the Minister for Housing, Planning and Local Government.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

1.4 Going Concern

The financial statements are prepared on the going concern basis.

1.5 Income Policy

Income represents Department of Housing, Planning and Local Government (DHPLG) grants, fees, rental income and other recoupments which are used to fund the Housing Agency's activities as it provides assistance to the Department and Local Authorities in the implementation of housing policy. Grant Income received to fund the Housing Agency's activities is recognised on a cash receipts basis.

The Department of Housing, Planning and Local Government (DHPLG) advances funds to the Housing Agency in relation to costs incurred by it in relation to the Pyrite remediation scheme. Income is recognised in the Financial Statements when received from the Department.

Other Income relates to fee income, recoupment of costs and NBA Retirement Benefits. Income is recognised when an invoice is issued to the relevant organisation.

1.6 Tangible Fixed Assets

Tangible Fixed assets are stated at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the asset into working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset systematically over its expected useful life, as follows:

- Buildings – 2% Straight Line
- Fixtures, fittings and equipment – 12.5% Straight Line
- Computer Equipment – 20% Straight Line

Development Land

Development land held by the Housing Agency was originally bought by the National Building Agency Limited (NBA) and Housing and Sustainable Communities Limited (HSC Ltd) for future development purposes. As part of the rationalisation process, these assets were transferred to the Housing Agency in 2013 at their open market value. The total value of these at the time of transfer was €1,441,248 (Note 9). The development land is accounted for at cost.

The land is currently not under development. It is envisaged, that where this land is suitable for housing, be it social housing or other housing purposes, it will be utilised for this, should there be a need in the area. Any possible use of any of these sites would be determined in consultation with the Department of the Housing, Planning and Local Government.

Land Held under the Land Aggregation Scheme

Under the Land Aggregation Scheme (2010-2013), Local Authorities transferred certain residential development land with outstanding Housing Finance Agency Loans to the Housing Agency for a nominal fee. The Department approved the transfer of 73 sites with a total area of 247 hectares to the Housing Agency. Initial recognition of the land was at a nominal value of €1 per site. A revaluation policy was adopted in 2018 and the land is now recognised at fair value. Changes in value are recognised in the Statement of Other Comprehensive Income and the revaluation reserve.

1.7 Action Plan for Homelessness

1.7a Purchases and Sales

Property Sales are recognised on receipt of funds. Property Purchases are recognised on payment of funds. Expenditure incurred on improvements to buildings is recognised when paid. Deposits paid on properties are accounted for in Current Assets. Properties purchased but not sold/transferred are accounted for in Housing stock of houses for re-sale. Any surplus or deficit is absorbed by the fund. (See Note 17)

1.7b Housing Acquisition Programme Inventory

The Housing Acquisitions inventory represents the cost of properties acquired, plus any capital upgrade works applied to the properties and any deposits paid for properties to be acquired.

1.7c Purchases Acquisition Programme Reserve

The Housing Acquisition reserve is the remaining funding from the Housing Acquisition programme. The Housing Acquisition programme activity is represented in Note 17 each year.

1.8 Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Agency will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

1.9 Cash and Cash Equivalents

Cash is represented by deposits with financial institutions.

1.10 Non-cash Transactions

As part of agreements entered into with third parties in connection with pyrite issues, the Agency may receive services from such parties without payment by the Agency. The Agency recognises such services when received as both income and an expense.

1.11 Payables

Short term payables are measured at the transaction price. The Agency also holds funds advanced by Local Authorities for the purchase of Housing stock. Local Authorities transfer the funds to the Housing Agency for properties they wish to acquire. The Housing Agency hold the funds until properties are purchased. These amounts are shown as payables (See Note 13).

1.12 (a) Retirement Benefits

Section 7 (8) of Statutory Instrument No 264 of 2012 provided for the establishment of a superannuation scheme for the Agency. The Agency operates a defined benefit scheme (the main scheme) which is funded on a pay-as-you-go basis from monies provided by the Department of Housing, Planning and Local Government and from contributions deducted from staff and members' salaries. The scheme is being operated on an administrative basis pending the approval of the Minister for Housing, Planning and Local Government with the consent of the Minister for Public Expenditure and Reform.

Retirement benefit costs reflect retirement benefits earned by employees, and are shown net of staff retirement benefit contributions which are retained by the Agency. An amount corresponding to the retirement benefit charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge retirement benefit payments.

The Housing Agency also operates the Single Public Services Pension Scheme ("Single Scheme"), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform.

Actuarial gains or losses for both schemes arising on scheme liabilities are reflected in the Statement of Other Comprehensive Income, and a corresponding adjustment is recognised in the amount recoverable from the Department of Housing, Planning and Local Government.

The financial statements reflect, at fair value, the assets and liabilities arising from the Housing Agency's retirement benefit obligations and any related funding, and recognises the costs of providing retirement benefit benefits in the accounting periods in which they are earned by employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

1.12 (b) NBA Retirement Benefits

The National Building Agency (NBA) operated a funded defined benefit pension scheme. On the instructions of the Minister for Housing, Planning and Local Government, the Housing Agency was appointed as the principal employer of the NBA pension scheme with effect from 1 October 2018.

The scheme for past employees of NBA is closed to new entrants. The assumptions and estimates used in calculating the cost for the financial year, the defined benefit obligation

and the fair value of the plan assets at the financial year end reflect historical experience and current trends.

The Housing Agency recognises income and retirement benefit costs for the year in the Statement of Income and Expenditure and actuarial movements are recognised in the statement of other comprehensive income. Retirement benefit payments made by the Housing Agency to members of the scheme are recouped from the pension fund. (see Note 14).

The NBA asset represents the fair value of the investment fund held by the trustees and the retirement liability represents the net present value of the future entitlements of the scheme members as calculated by an independent actuary. On 1 October 2018 the schemes assets were valued at €12,784,000 and the liability was valued at €8,366,000. The Statement of Financial Position at 31 December 2018, shows the asset at €12,312,000 and the liability at €7,929,000.

1.13 Capital Reserve

The Capital Reserve represents the unamortised portion of income applied for capital purposes. Fixed assets are funded from grant income and amortised in line with depreciation.

1.14 Currency

The unit of currency in which the financial statements are denominated is the Euro.

1.15 Capital Contribution Reserve

The capital contribution relates to the transfer of the net assets from the Housing and Sustainable Communities Limited (HSC Ltd), the National Building Agency Limited (NBA) and Fingal County Council to the Housing Agency for Nil consideration in 2013. The asset values transferred are as follows:

- NBA €741,501
- HSC Ltd €1,202,607, and
- Local Authorities €37.

This was done on the direction of the Department of the Environment, Community and Local Government (DECLG) now the Department of Planning, Housing and Local Government (DPHLG).

1.16 Assisting Local Authorities in Purchasing Housing

The Housing Agency acts as central point for multiple organisations for purchasing properties from receivers/lenders. Suitable properties from the portfolios were identified and local authorities approved the purchase of the relevant properties. The local authorities forwarded the funds to the Housing Agency and the relevant funds were then paid for the properties in the relevant portfolios.

2 **Critical Accounting Judgements and Estimates in Applying Accounting Policies and Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Useful Lives of Tangible Fixed Assets

Long-lived assets are comprised primarily of buildings, fixtures and fittings and computer equipment. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimated residual values. The Board regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year.

Impairment of Tangible Fixed Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Pyrite Remediation Scheme

The Pyrite Remediation Scheme commitment of €111 million is deemed to be a significant judgement and is based on a detailed five year projection for the scheme presented to the Housing Agency Board on 23rd October 2018.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the retirement benefit and post- retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions.

3 Prior Year Reclassification

During the year a number of prior year balances were reclassified to reflect more accurately the information for comparative purposes. There was also an amount of €145,690 which was reclassified from the Acquisitions reserve to the Housing Agency statement of profit and loss as the costs did not relate to the Acquisition funding. The reclassifications are as follows:

	2017 (Reclassified) €	2017 (As previously stated) €
Employment costs	3,527,633	3,670,317
Office administration costs	973,487	765,393
Legal & professional costs	971,770	891,490
Housing & sustainable communities grant	(5,158,529)	(5,200,000)
Acquisition reserve	(71,940,850)	(71,795,160)
Retirement benefit costs	686,688	728,159
	(70,939,801)	(70,939,801)

4 Income

4.1 Oireachtas Grant

The Housing Agency was formally established on a statutory basis in August 2012 (Establishment Day) under the Housing and Sustainable Communities Agency (Establishment) Order 2012 (S.I. No. 264 of 2012), and receives funding from the Department of Housing, Planning and Local Government. The Department of Housing, Planning and Local Government provides an annual state grant to the Housing Agency to support the work undertaken. The Housing Agency receives funding from the Department of Housing, Planning and Local Government as follows:

- (i) Annual state grant to the Housing Agency to support the work undertaken
- (ii) Funding in relation to the Agency's administration of the Pyrite Resolution Scheme on behalf of the Pyrite Resolution Board (Note 1.1)
- (iii) Research.

The Department of Housing, Planning and Local Government also requested the Housing Agency to undertake work that was outside of the service level agreement. Where additional costs are incurred the Housing Agency seek recoupment.

Grants received from Department of Housing, Planning and Local Government

Vote 34

	2018 €	2017 €
Grant (Subhead A.10.3),	7,174,000	5,200,000
Less single public sector scheme employee contributions remitted to DEPR	(127,081)	(41,471)
Pyrite – Pyrite Resolution Board (Subhead A.10.5)	30,000,000	25,547,798
	37,046,919	30,706,327

4.2 Fee Income

Fee income represents charges to clients (local authorities or other state bodies) in respect of services undertaken by the Housing Agency, including research services, architectural services, quantity surveying services and inspection services. It also includes Work in Progress at 31 December.(Note 10).

	2018 €	2017 €
Fee income	253,729	554,876

4.3 Recoupment of Expenses From State Bodies

This relates to a number of items such as recoupment of pay costs for staff seconded to other state bodies and recoupment of costs in respect of work undertaken on behalf of another state body.

	2018 €	2017 €
Recoupment of expenses from other state bodies	602,977	401,991
Fingal Co Council costs recovered	185,404	233,497
	788,381	635,488

4.4 Rental Income

Rental Income comprises of rents received in relation to Development Land held by the Housing Agency (See Note 9).

	2018 €	2017 €
Rental income	137,535	32,139

4.5 Sale of Lands

The 2018 figure represents the nominal value of 2 sites transferred to Local Authorities for nil consideration. The 2 sites transferred were the lands at Enniskerry Road, Sandyford and Duntahane Road, Fermoy and were previously held at €1 per site.

	2018 €	2017 €
Sale of lands	(2)	25,000

4.6 Pyrite Other

Under the Pyrite Resolution Act 2013, the Pyrite Remediation Board has an obligation to recover from any party with a liability and the capacity, all or part of the costs of remediating dwellings. In 2018, the Agency received no monies from these third parties as a contribution to pyrite costs (2017: €678,572). In 2017 these monies were remitted directly to the Department of Housing, Planning and Local Government.

4.7 Other Income

The Housing Agency also receives income from other activities and schemes that it has taken on during the year see below for details.

Vote 34	2018 €	2017 €
A.3 Local Authority housing	418,142	19,527
A.12 / A.17 Recoupment of costs	21,787	–
A.4 Voluntary & cooperative housing	23,458	10,456
A.5 Housing inclusion supports	27,951	10,070
Other – Pyrite Remediation Scheme contribution from participant	–	12,572
	491,338	52,625

4.8 Homebond

Homebond is a provider of structural defect cover in new homes and has an agreement with the Housing Agency to provide staff and services to the value up to €2m to the Agency. In 2018, Homebond provided the services of a project manager to manage a number of the pyrite remediation projects. This is part of an agreement whereby Homebond is to provide staff and services to the value of €2 million to the Agency. In 2018, the value of such staff and services provided was estimated at €370,752 (2017: €347,636).

5 Employees and Board Members

(a) Number of employees

	2018	2017
The average number of employees	67	55

(b) Employment costs

	2018 €	2017 €
Wages and salaries – Housing Agency staff	3,457,322	2,851,567
Wages and salaries – pyrite staff	487,678	676,066
	3,945,000	3,527,633

(c) Pension Related Deduction

During the year pension related deductions of €151,301 were deducted from staff and paid over to the Department of Housing, Planning and Local Government. (2017: €145,841)

(d) Board Members Emoluments

Board members are not in receipt of fees for sitting on the Board of the Housing Agency. It should be noted that the following members Caroline Gill, Alex Flood and Jack Keyes were paid €1,600, €4,200, and €8,978 each respectively for expenses from the Pyrite Remediation Board in 2018.

(e) Chief Executive's Remuneration

The Chief Executive's salary was €120,287 and increased to €124,228 on the 1st of October 2018 under the restoration of the temporary pay cuts introduced under the Haddington Road Agreement. The Chief Executive's pension is part of a Housing Agency's model of public sector defined superannuation scheme.

(f) Termination Benefits

No termination payments were made during the year.

(g) Short Term Benefits

No short term benefits such as overtime or allowances were made during the year.

(h) Key Management Personnel

Key management personnel in the Housing Agency consists of the senior officers, the Chief Executive, the Principal Officers, Assistant Principal Officer and Senior Executive Officers. The total value of employee benefits for key management personnel is set out below:

	2018 €	2017 €
Salary	563,088	537,360
Allowances	–	–
Health insurance	–	–
	563,088	537,360

This does not include the value of retirement benefits earned in the period. The key management personnel are members of the Housing Agency pension scheme and their entitlements in that regard do not extend beyond the terms of the model service pension scheme.

6 Administration Costs

	2018 €	2017 €
Rent payable	61,500	–
Rates	492	35,243
Insurance	52,957	44,437
Light and heat	20,412	18,225
Premises and maintenance costs	115,142	84,080
Information communications technology	258,646	196,166
Printing postage and stationary	117,581	52,396
Communications	162,070	188,577
Conferences, meetings and seminars	62,262	69,735
Bank charges	936	943
General expenses	38,407	3,683
Training and recruitment	158,549	38,263
Travel and subsistence	91,442	206,652
Subscriptions	42,308	35,087
Bad debts*	81,000	–
	1,263,704	973,487

*A loan of €81,000 was advanced to the NBA in March 2018. The liquidator requested confirmation from the HA that no balance was due from the NBA resulting in a bad debt write off.

7 Legal and Professional Fees

	2018 €	2017 €
Acquisitions – professional fees	117,678	82,822
Professional fees	133,330	8,552
Regulation and development costs	169,643	125,399
Legal fees	30,907	–
Research expenditure	209,455	320,516
Accountancy	33,028	24,592
Internal audit	64,921	18,734
Audit	35,000	34,000
Land valuations and legal fees for asset management	129,702	52,548
Professional and legal services for Local Authorities	29,735	16,616
Underwriting for housing supply loans	385,790	189,886
Projects	109,391	43,456
Strategic planning and implementation	55,102	15,006
A&R committee and governance review	9,410	39,643
Process mapping and procedures	91,723	–
Procurement services	61,871	–
	1,666,686	971,770

8

Pyrite Remediation Scheme Costs

The Agency administers the Pyrite remediation scheme which came into operation on 13 February 2014. The Housing Agency has received €93,989,239 from the Department of Housing Planning and Local Government to administer the scheme to date. Up to 31 December 2018, the Agency has made payments of €93.9 million under the scheme. Details of payments in 2018 and 2017 are set out below. Note 18 sets out details of future commitments under this scheme. In addition, the Agency has incurred payroll costs in respect of staff assigned to the administration of the scheme of €487,676 (2017: €676,066) see note 5b.

	2018 €	2017 €
Consultant design professionals	1,473,348	1,207,256
Work contractors	25,912,180	22,051,523
Homeowner payments	2,232,492	1,988,270
Legal and professional	46,994	25,373
Other administration costs	6,676	2,286
	29,671,690	25,274,708

9 Tangible Fixed Assets

	Development Land €	Land under Aggregation Scheme €	Buildings €	Fittings & Equipment €	Computer Equipment €	Total €
Cost						
Opening balance at 1 January 2018	1,441,247	72	4,973,255	117,887	219,678	6,752,139
Additions at cost	–	–	–	3,242	17,505	20,747
Revaluations	–	55,069,272	–	–	–	55,069,272
Disposals	–	(2)	–	–	–	(2)
Balance at 31 December 2018	1,441,247	55,069,342	4,973,255	121,129	237,183	61,842,156
Depreciation						
Opening balance at 1 January 2018	–	–	113,222	47,530	106,530	267,282
Depreciation for the period	–	–	103,277	15,141	40,639	159,057
Balance at 31 December 2018	–	–	216,499	62,671	147,169	426,339
Net Book Value						
At 31 December 2018	1,441,247	55,069,342	4,756,756	58,458	90,014	61,415,817
At 31 December 2017	1,441,247	72	4,860,033	70,357	113,148	6,484,857
Cost						
Opening balance at 1 January 2017	–	–	273,255	117,887	147,624	538,766
Additions at cost	1,441,247	73	4,700,000	–	72,054	6,213,374
Disposals	–	(1)	–	–	–	(1)
Balance at 31 December 2017	1,441,247	72	4,973,255	117,887	219,678	6,752,139
Depreciation						
Opening balance at 1 January 2017	–	–	13,757	32,794	82,766	129,317
Depreciation for the period	–	–	99,465	14,736	23,764	137,965
Balance at 31 December 2017	–	–	113,222	47,530	106,530	267,282

	Development Land €	Land under Aggregation Scheme €	Buildings €	Fittings & Equipment €	Computer Equipment €	Total €
Net Book Value						
At 31 December 2017	1,441,247	72	4,860,033	70,357	113,148	6,484,857
At 31 December 2016	–	–	259,498	85,093	64,858	409,449

* Development Land has been split into two categories as stated above, comparative figures have also been restated.

Development Land

	2018 €	2017 €
Development land	1,441,247	1,441,247
	1,441,247	1,441,247

Other development land comprises eight sites transferred from the Housing and Sustainable Communities Limited and five sites transferred from the National Building Agency Limited in 2013. These lands are held at their market value at date of transfer less disposal costs accrued prior to the transfer. The Housing Agency does not intend to revalue these assets. The land is currently not under development. It is envisaged, that where this land is suitable for housing, be it social housing or other housing purposes, it will be utilised for this, should there be a need in the area. Any possible use of any of these sites would be determined in consultation with the Department of the Housing, Planning and Local Government.

Opening sites	13	13
(Transferred/disposed)	–	–
Closing sites	13	13

Land Held under Land Aggregation Scheme

	2018 €	2017 €
Land held under Land Aggregation Scheme	55,069,342	72
	55,069,342	72

During the year the land held under the Land Aggregation Scheme was revalued by independent third party agents, which valued land held at €55,069,270. This has been reflected in the Statement of Other Comprehensive Income and the revaluation reserve. 2 sites were transferred to Local Authorities for Nil consideration.

Opening sites	72	73
(Transferred/disposed)	(2)	(1)
Closing sites	70	72

Activity Update

The Housing Agency is required to prepare a report and implement a strategy for the management, utilisation and ultimate development of the sites. The strategy was drafted in 2014 and replaced subsequently by the Land Aggregation Strategic Development and Management plan which was prepared in 2017 and was submitted to the minister on 16 June 2017 and published in October 2017. Currently:

- 4 have been earmarked for Public Private Partnership projects. Construction has commenced on the site in Bundle 1. The other three sites anticipate construction to commence in 6 months
- 19 have an expression of interest. Discussions are taking place with the Approved Housing bodies and meetings are being programmed with the local authorities to advance the E.O.I's
- 9 sites have local authority involvement. Three sites have completed developments – Four sites have ongoing house construction – two sites are at early approval stage with the Dept
- 6 sites have approved housing body involvement. Two sites, construction commenced. 3 sites are at planning or pre- planning stage. 1 site was disposed of to an approved housing body to completed their overall scheme
- 3 are to be developed by the Land Development Authority, no development on site to date, and
- 3 are Local Infrastructure Housing Activation funding approved. 1 site is well advanced and lands are to be transferred to the local authority, progress is not as advanced on the other sites the Dept. approved LIHAF funding for.

Currently there are no immediate plans for development of the remaining sites, but as noted above they will be continuously monitored and reviewed for potential development opportunities.

10 Work in Progress

	2018 €	2017 €
Work In progress at 01 January	75,437	120,412
Income invoiced up to 31 December	(162,843)	(599,851)
Fee income Note 4.2	253,728	554,876
Work In progress at 31 December	166,322	75,437

11 Receivables

	2018 €	2017 €
Trade receivables	193,721	489,536
Other receivables	121,278	31,022
Prepayments	78,692	59,983
	393,691	580,541

12

Cash and Cash Equivalents

	2018 €	2017 €
Cash at bank	39,667,159	14,834,597
Deposit account	860,853	2,740
	40,528,012	14,837,337

Cash and Cash Equivalents Analysis

	2018 €	2017 €
Acquisition funds	10,206,061	6,858,935
Harcourt liability (Note 13(b))	196,406	196,406
Pyrite Remediation Scheme	1,785,153	1,484,216
Monies held on behalf of Local Authorities (Note 16)	23,882,000	3,023,700
Housing Agency working capital	4,458,392	3,274,080
	40,528,012	14,837,337

13 Payables; Amounts Falling Due Within One Year

(a) Payables

	2018 €	2017 €
Trade payables	(599)	(35,656)
Other payables	–	(16,614)
Harcourt liability (Note 13(b))	(196,406)	(196,406)
Accruals	(474,433)	(348,724)
PAYE/PRSI	(107,279)	(151,115)
Value added tax	(719,117)	(615,556)
Withholding tax	(110,701)	(76,439)
Monies held on behalf of Local Authorities (Note 16)	(23,882,000)	(3,023,700)
Salaries control	(64,830)	(87,004)
Pension contribution	(391,256)	(393,416)
	(25,946,621)	(4,944,630)

(b) Harcourt Liability

All liabilities of the Affordable Homes Partnership (AHP) at 31 December 2010 were taken over by the Department of Housing, Planning and Local Government including contractual obligations with regard to a land exchange transaction with a third party private entity for a state owned property at Harcourt Terrace, Dublin 2.

During 2012, a High Court case in respect of this land exchange was ruled in favour of the third party private entity. Subsequent to this ruling, the Department of Housing, Planning and Local Government, the Office of Public Works (OPW) and the third party private entity reached an agreement on the final settlement arising from this ruling.

In accordance with the agreement reached, the Department of Housing, Planning and Local Government and the Office of Public Works (OPW) advanced monies to the Housing Agency. Following instruction from the Department of Housing, Planning and Local Government and the Office of Public Works (OPW), these monies were paid onto the beneficiary. The Housing Agency, through its bank account, facilitated the receipt and payments of these monies to the ultimate beneficiary. In providing this facility, the Housing Agency did not charge any fees or commissions to any party concerned.

As of 31 December 2018, the sum of €196,406 remains with the Housing Agency in respect of this liability. At 31 December 2018, the Housing Agency has no other liabilities to any party in respect of this matter. The Housing Agency is currently in discussion with the Department of Housing, Planning and Local Government about this balance.

	2018 €	2017 €
Funds held by Housing Agency at 31 December	196,406	196,406

14

Retirement Benefits

Main Scheme and Single Scheme

(a) Analysis of Total Pension Costs Charged to Expenditure

	2018 €	2017 €
Current service costs	1,096,000	824,000
Interest on pension scheme liabilities	183,000	50,000
Employee contributions	(217,672)	(187,312)
	1,061,328	686,688

(b) Analysis of the Movement in the Pension Liability During the Year

	2018 €	2017 €
Opening liability at 1 January	9,867,000	2,713,000
Current service cost	1,096,000	824,000
Interest cost	183,000	50,000
Actuarial loss / (gain)	(614,000)	6,280,000
Net pension liability at 31 December	10,532,000	9,867,000

(c) Deferred Funding for Pensions

The Housing Agency recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described in note 14 (d), and a number of past events. These events include the statutory basis for the establishment of the scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process.

The Housing Agency has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The Net Deferred Funding for pensions recognised in the Statement of Income and Expenditure was as follows:

	2018 €	2017 €
Funding recoverable in respect of current period pension costs	1,279,000	874,000
Employee contributions	(56,838)	–
	1,222,162	874,000
Scheme liability	10,532,000	9,867,000
Actuarial loss / (gain) arising from experience being different than expected (See ** below)	163,000	6,032,000
Actuarial loss / (gain) arising from change in liability valuations assumptions	(777,000)	248,000
Percentage of the scheme liabilities	-5.83%	63.65%

The cumulative actuarial loss recognised in the Statement of Other Comprehensive Income amounted to €(614,000), (2017: €6,280,000).

**A number of staff transferred service with previous State Bodies which accounts for the Actuarial Loss stated above.

(d) General Description of the Scheme

The Housing Agency operates unfunded defined benefit superannuation schemes for staff. The schemes are (i) Pre 1 April 2004 – Non New Entrant, (ii) Post 1 April 2004 – New Entrant, and (iii) Post 1 January 2013 – Single Pension Scheme. Each pension scheme has its own associated terms and conditions in relation to retirement age and calculation of pension and lump sum. Superannuation entitlements arising under the schemes are paid out of current income and are charged to the Statement of Income and Expenditure, net of employee superannuation contributions, in the year in which they become payable.

The results set out below are based on an actuarial valuation of the pension liabilities in respect of serving, retired and deceased staff of the Housing Agency as at 31 December 2018. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard Financial Reporting Standard – Retirement Benefits (FRS 102).

The principal financial assumptions used were:

Valuation Method	2018	2017
Discount rate	2.05%	1.85%
Rate of increase in salaries	2.85%	2.93%
Future state pension increase	1.85%	1.93%
Future pension increases	2.35%	2.43%
Inflation	1.85%	1.93%

Average Life Expectancy used to Determine Liabilities	2018	2017
Male aged 65	21	21
Female aged 65	24	24

Average future life expectancy according to the mortality tables used to determine the pension liabilities.

(e) NBA Pension Scheme**(i) Retirement Benefit Cost**

	2018 €	2017 €
Current service cost	–	–
Net interest cost	(21,000)	–
Administration cost	10,000	–
Total (credit) to expenditure	(11,000)	–

(ii) Net Retirement Benefit Liability

	2018 €	2017 €
Present value of funded defined benefit obligations	(7,929,000)	–
Fair value of scheme assets	12,312,000	–
Net asset / (liability)	4,383,000	–

(ii) Movement in the Present Value of Scheme Obligations

	2018 €	2017 €
Opening defined benefit obligation at 1 October 2018	8,366,000	–
Current service cost	–	–
Interest cost	40,000	–
Benefits paid	(78,000)	–
Change in actuarial assumptions	(369,000)	–
Experience (gains)/losses	(30,000)	–
Defined benefit obligation at 31 December 2018	7,929,000	–

(iv) Change in Scheme Assets

	2018 €	2017 €
Fair value of scheme assets at 1 October 2018	12,784,000	–
Interest income	61,000	–
Benefits paid	(78,000)	–
Administration expenses paid from asset	(10,000)	–
Return on plan assets excluding interest	(445,000)	–
Defined benefit obligation at 31 December 2018	12,312,000	–

The fair value of the plan assets comprised

	€	%
Cash	370,000	3.00%
Equities	4,317,000	35.10%
Bonds	7,588,000	61.60%
Other	37,000	0.30%
	12,312,000	

The Housing Agency was appointed the principal employer of the National Building Agency pension scheme with effect from the 1st October 2018.

The principal financial assumptions used were:

Valuation Method	2018	2017
Discount rate	2.05%	0.00%
Rate of increase in salaries	2.85%	0.00%
Inflation	1.85%	0.00%

15 Agency Board Members

Disclosure of Interests Ethics in Public Offices Act 1995 and 2001

The Agency is required to adhere to the requirements and procedures in accordance with the Ethics in Public Offices Act 1995 and 2001. The Agency has adhered to these within the period. There were no transactions during the period in relation to the Agency's activities in which the Agency Members had any beneficial interest.

16 Assisting Local Authorities in Purchasing Housing

The Housing Agency acts as central point for multiple organisations for purchasing properties from receivers/lenders. Suitable properties from the portfolios were identified and local authorities approved the purchase of the relevant properties. The local authorities forwarded the funds to the Housing Agency and the relevant funds were then paid for the properties in the relevant portfolios. In 2018 the Housing Agency purchased houses in bulk from lending institutions on behalf of local authorities nationwide. Such housing stock is not the property of the Housing Agency. The transactions under the programme are outlined below:

	2018 €	2017 €
Opening balance of funds	3,023,700	–
Funding received	47,444,100	19,584,200
Purchases	(26,585,800)	(16,560,500)
Closing balance of funding received **	23,882,000	3,023,700
Acquisition costs *	151,556	325,844

** Balance of funding received is held in payables (Note 13)

* Acquisition costs are incurred through the Statement of Income and Expenditure and are to be recouped at a later date.

Fingal Costs

During the year, the Housing Agency incurred costs of €166,127 (2017:€278,337) on behalf of Fingal County Council. €185,404 was recovered, with €44,840 relating to 2017. The balance of €25,563 is to be recouped.

17

Action Plan for Housing and Homelessness

The Housing Agency has been tasked with the acquisition of vacant housing for social housing use under the Action Plan for Housing and Homelessness. The Agency's role in this regard is to engage with banks, investors and other potential owners of multiple property portfolios to acquire properties on a national basis and to dispose of these at cost to housing bodies and local authorities.

Funding for the purchase is provided by a revolving grant of up to €76 million from the Department of Housing, Planning and Local Government. The grant is treated as long term funding and is accounted for in the Property Acquisition Reserve in the Statement of Financial Position. A summary of transactions in the year is shown below:

	Ref	2018 €	2017 €
Opening balance		71,940,850	9,952,025
Grant income transferred from Department of Housing, Planning and Local Government		497,833	66,788,975
Surplus / deficit on housing stock	17b	–	–
Rental income earned		44,825	8,180
Costs incurred	17c	(1,542,310)	(2,908,830)
Transfers to Local Authorities no consideration*		–	(1,899,500)
Balance in reserves	17a	70,941,198	71,940,850

* In 2017 housing stock was transferred to local authorities at nil. There were no comparable transactions in 2018.

17a Balance in Reserves is Made up of the Following Balances

Valuation Method	2018	2017
Housing stock	60,707,431	65,081,915
Deposit	25,000	–
Bank	10,208,767	6,858,935
Direct acquisitions allocations	–	–
Reserve	(70,941,198)	(71,940,850)

17b Housing Stock

	No of Houses	2018 €	2017 €
Opening inventories	353	64,844,915	9,952,025
Sales	(253)	(53,201,140)	(7,170,014)
Deposit paid & purchases	223	47,400,738	64,312,844
Improvements to buildings		4,268,038	1,737,129
Refunds	(23)	(2,580,120)	(2,087,569)
Transfers to Local Authorities for €Nil		–	(1,899,500)
Closing stock	300	(60,707,431)	(64,844,915)
Deposit receivable		(25,000)	
Surplus / deficit		–	–

17c Housing Acquisition Costs (€76m Fund)

	2018 €	2017 €
Purchase, sales and holding costs	704,057	1,254,298
Stamp duty	(30,065)	559,139
Property valuations	225,940	161,787
Insurance	334,030	139,794
Property inspections	255,369	345,491
Local property tax	59,346	202,841
Professional advice	44,027	88,912
Service charges	158,584	54,915
Security services	2,263	7,095
Utility and connection costs	(5,212)	5,383
Miscellaneous expenses	–	3,147
AHB fees	(91,377)	86,028
Cost refunds	(114,727)	–
Bank charges	75	–
	1,542,310	2,908,830

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Commitments

On behalf of the Department of Housing, Planning and Local Government, the Housing Agency undertakes the remediation of pyritic affected homes. The Pyrite Resolution Board receives claims under the Pyrite Resolution scheme. As part of this scheme, works contracts are entered into with engineering and building consultants and with civil engineering and building contractors. In addition, homeowners whose dwellings have been accepted into this scheme are entitled to recoup certain expenditure that they incur prior to acceptance into the scheme and during remediation works.

No provision has been made in the accounts in respect of the potential liability under the scheme as it is the Board's policy to recognise the costs of claims as they are approved. It is estimated that the total cost of the remediation scheme will amount to €111 million based on projected costs for the next 5 years and includes the contractual commitments noted below of €65.8 million and €3.6 million

At the 31 December 2018, the Housing Agency had the following contractual commitments and obligations in relation to the Pyrite Remediation Scheme (PRS).

Construction Consultants	2018 €	2017 €
Total value of construction consultants contracts at 31 December	5,047,454	4,887,830
Total value of payments on account to 31 December	(1,473,348)	(1,207,256)
Outstanding contractual commitments to consultants at 31 December	3,574,106	3,680,574

The Housing Agency is not eligible to recoup VAT and therefore all amounts are inclusive of VAT. Payments to consultants are accounted for as paid.

Works Consultants	2018 €	2017 €
Total value of works contractors contracts at 31 December	91,736,186	91,423,232
Total value of payments on account to 31 December	(25,912,180)	(22,051,523)
Outstanding contractual commitments to contractors at 31 December	65,824,006	69,371,709

The Housing Agency is not eligible to recoup VAT and therefore all amounts are inclusive of VAT. Payments to contractors are accounted for as paid.

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National Building Agency

The National Building Agency Limited (NBA) ceased operations on 30 June 2011 and transferred its existing workload together with a number of staff to the Housing and Sustainable Communities Agency Ltd. These staff and any remaining legacy workload were transferred to the Housing Agency at the beginning of 2013. Some remaining staff were redeployed to other public sector bodies. The NBA also transferred five sites with a market value of €741,501 at 6 March 2013 to the Housing Agency. The Housing Agency is the principal employer of the NBA retirement benefit scheme (see note 14)

The NBA's affairs were managed by the Housing Agency until a liquidator was appointed on 16 January 2019. In 2015, the Department of Public Expenditure and Reform directed that the NBA's funds were maintained at €1.5m. This resulted in the Housing Agency making payments on behalf on the NBA and not being reimbursed for costs incurred. A bad debt provision of €66,852 was provided for in the 2015 financial statements. A loan of €81,000 was advanced to the NBA in March 2018. In order to progress the liquidation the liquidator requested confirmation from the Housing Agency that no balance was due from the NBA. In order to provide this confirmation, a decision was made by the CE to write off the bad debt of €147,852 in 2018 (See note 6).

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Subsequent Events

There was no subsequent events prior to the year end that requires reporting.

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Related Party Disclosures

Key management personnel in Housing Agency consist of the CE and members of the Board. Total compensation paid to key management personnel, including Board members' fees and expenses and total CE remuneration, amounted to €124,228 (2017: €120,287). For a breakdown of the remuneration and benefits paid to key management personnel, please refer to Note 5.

The Housing Agency adopts procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members.

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Approval of Financial Statements

The Board of Directors approved these financial statements for issue on the 25th of June.



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