Centre for Housing Research

Strategic Review of the Capital Funding Schemes for Voluntary and Co-operative Housing

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Contents

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Executive summary

Housing policy in Ireland

The overall objectives of Irish housing policy, as presented in the Department of the Environment, Heritage & Local Government Statement on Housing Policy of 2007 is "to enable every household to have an available and affordable dwelling of good quality, suited to needs, in a good environment and, as far as possible, at the tenure of its choice." This is an important statement as it places the emphasis of housing policy very much on the basic issue of ensuring that people have adequate housing, with the other benefits of housing being of secondary importance to this central aim.

Significant public capital expenditure on housing dates back many decades, and under the National Development Plan housing investment was allocated through five measures, namely:

- local authority housing;
- voluntary and co-operative housing;
- improving access to affordable housing;
- housing improvements; and
- funding for groups with special needs.

Under the National Development Plan 2007 – 2013, expenditure provisions of €21.2 billion involve housing, making housing the second largest infrastructure programme in the plan after transport.

From an economic perspective, the case for public investment in social housing is largely accepted, and the provision of social housing is regarded primarily as re-distribution with an element of public good. However, there is a wide variety of mechanisms by which public investment in social housing can be achieved, and this could be through either the supply or the demand side. On the supply side, public investment can be made in dwelling units which are then rented to tenants; while on the demand side, public funding could be made available by way of rent supplement payments, to enable people to access housing of their choice. The latter approach is particularly suited to tenant lifecycle considerations, wherein the individual citizen is the centrepiece of the social policy approach, and their lifecycle stage - children, working age people, older people and people with special needs – is a consideration in social and housing policy.

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Comparison of funding mechanisms

We carried out a comparison of providing social housing through on the one hand capital expenditure to provide a house, which is supply side provision; the provision of a house by way of a thirty year mortgage, which could either be supply side or, if a housing allowance were made to an individual by way of social welfare payment, could be deemed to be a demand side provision; and the option of leasing dwellings.

We found that when the relevant cash flows were discounted, using the current discount factor of 4% that is used for assessing future expenditures, the net present value of the mortgage option is lower than the net present value of the capital expenditure option. However, we also found that the lease option provided a lower cost when analysed on this basis. We found that in particular cases, where a tenant exercises a tenant purchase option after a period in excess of ten years, the mortgage option shows distinct advantages over the capital funding option. We do not regard this tenant purchase option as being available under the lease option.

In summary, our analysis tends to support the current policy on the part of the Department of the Environment to promote the leasing of dwellings.

Funding schemes for the co-operative and voluntary housing sector

Two schemes are currently available for funding the voluntary and co-operative housing sector. These are the Capital Assistance Scheme (CAS) and the Capital Loan and Subsidy Scheme (CLSS).

The CAS was first introduced in 1984 and provides 95% of the funding towards the building costs of a project subject to certain maximum limits. The funding is provided by way of a mortgage loan, and 75% of the tenant allocations are required to be made to persons eligible for local authority housing; the balance of tenancy allocations can be made at the discretion of the relevant voluntary or co-operative housing body.

In the case of tenants who are not eligible for the local authority housing list, a rent allowance is payable for either single- or two-person occupation. In many cases in practice, such tenants pay an additional amount over and above this rent allowance.

Under the CLSS, the process of funding is similar to that for the CAS, but in this case 100% of the funding for the housing project is provided. It is a requirement for the CLSS that all tenants are eligible for housing provision on the part of the relevant local authority and the rents charged to tenants are based on the income of the household, known as the differential rent scheme. To provide for on-going costs associated with the dwelling, a management and maintenance allowance is paid to the relevant housing body on a yearly basis.

Some other sources of funding are available though these are relatively modest in comparison to the CAS and CLSS. Other sources of funding available include the communal facilities grant and also site funding.

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Profile of the voluntary and co-operative housing sector

There are 728 approved housing bodies in Ireland as of December 2008. A survey questionnaire was circulated to all these housing bodies, of which 128 provided responses. This provided a response rate of 18%, though the respondents represent approximately 54% of the total voluntary and co-operative housing stock in the State. Of the membership of the two voluntary and co-operative housing representative bodies (The Irish Council for Social Housing and National Association of Building Co-operatives) the response rate was, on average, some 35%.

In respect of the respondents to the survey it was found that:

- The predominant legal structure is that of a company limited by guarantee, with co-operative bodies and trusts forming the balance. Amongst the approved bodies, virtually all have also been approved for charitable status by the Revenue Commissioners.

- In relation to the respondents to the survey, the responses indicate quite high levels of corporate governance in matters of appointments of directorships; meetings of directors and/or trustees; preparation of audited accounts and so forth. However, in respect of some organisations, there may be some potential deficiencies where, for example, infrequent director meetings are held and where it may be possible that directors did not receive the information they require to enable them to fulfil their duties as directors to requisite levels.

- In respect of employment, those approved bodies who are involved solely in the provision of housing, generally employ relatively small numbers of persons. On the other hand, voluntary housing associations providing social and personal care services to, for example, persons with special needs, elderly or persons with social needs, employ significant staff numbers. These associations provide a combination of accommodation through the various housing provision schemes, and complement this with personal care services, typically funded by State organisations such as the Health Service Executive (HSE).

- A majority of respondents have secured funding under the CAS scheme and this reflects the provision of housing to persons who may not be on the local authority housing list, such as people with special needs or the elderly. Although just 21% of respondents received funding under the CLSS, this scheme has been the more important in terms of the number of dwelling units funded. This may be because the CLSS schemes are generally larger in scale than the CAS funded schemes.

- Some 45% of respondents indicated that they are in the process of, or intend to, acquire or build new dwellings in the near future.

Issues facing the sector

Issues facing the sector include:

- The voluntary and co-operative housing sector in Ireland is a very fragmented sector with over 700 approved bodies providing some 23,000 dwelling units to persons of need. The 128 respondents to the survey provide some 13,840 units, implying that the remaining bodies, some 600, provide fewer than 10,000 dwelling units in total. Given the complex nature of providing, managing and maintaining dwelling units for social housing purposes, it must be questioned whether a sector that is so fragmented can operate effectively and efficiently.

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- While the governance of the approve bodies that responded to the survey appears for the most part to be quite satisfactory, there are some potential weaknesses, and there is scope for supervision over the sector to be improved.

- The sector has relied to a very substantial extent on State funding in the past, and in the current economic climate, it is unlikely that the State will have the requisite levels of funding to meet the ambitions of the sector. Furthermore, to a substantial extent also, the sector has relied on sites that were previously in public ownership, particularly in the case of CLSS funded dwellings. On the other hand, many CAS funded units have been developed on land sourced from private ownership.

- In a future where reliance on sources of funding other than State provision is likely to be greater than at present, we question whether the skill base exists within the range of existing bodies to operate in an environment that has a reduced, and possibly significantly reduced, dependency on State funding.

- The proliferation of approved bodies has reportedly on occasion led to strong competition between bodies with the effect of pushing up prices, particularly for specific sites, to the movement as a whole.

- In terms of housing planning, the voluntary and co-operative sector is not engaged to the extent it could be in developing housing strategies or annual housing planning with local authorities.

- In operational terms, there is a consistent view that the voluntary and co-operative sectors are marginally more cost effective than local authorities in the management and operation of housing. This comes from many factors such as voluntary and co-operative bodies generally requiring a higher level of input on the part of the tenant; and the voluntary and co-operative bodies are also capable of taking a firmer line in events such as tenants who may act in a socially irresponsible manner. It also takes account of the voluntary, unpaid nature of the input by members of the various bodies.

- The issue of tenant purchase in the approved body sector has been raised, and in general, the view is that both current legal structures and the wishes of the voluntary and co-operative organisations do not favour the tenant purchase options.

Future role of the voluntary and co-operative housing sector

Our views in respect of the future role of the voluntary and co-operative housing bodies are as follows:

1 From the perspective of providing housing, it is difficult to distinguish housing provided under the CLSS from housing provided by local authorities. The CLSS is 100% funded by the State; it provides accommodation to persons already on the local authority housing lists and is subject to other restrictions such as the payment by the tenant of a rent calculated under the differential rent scheme. The advantages of housing provided by approved bodies under the CLSS as provided to us in our consultation are that:

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a Such developments carry less social stigma than local authority developments;

b Voluntary and co-operative housing bodies exercise better management of tenants and houses than local authorities; and

c The voluntary and co-operative sector can provide marginally more cost effective housing solutions.

Nonetheless, from a funding perspective, the CLSS offers no perceived advantage over the current local authority funding system, and given the current policy of moving towards the more cost-effective leasing option, the continued operation of the CLSS should be reviewed.

2 The provision of housing for persons with special needs and sheltered housing for older people is an integral part of the services provided by a number of voluntary housing organisations. As noted previously, of those voluntary bodies who responded to the survey, the average employment was 72 persons, and this high average is driven by the larger organisation that provide care services to people. The provision of accommodation is, in many cases, an integral part of this overall service, and in our view there is a very strong potential role for housing bodies in this area.

3 A role as providers of on-site support and care is also one that voluntary and co-operative housing bodies can fulfil very strongly.

4 Our consultations suggest to us that the voluntary bodies who responded to the survey, and which are generally the larger voluntary bodies, have a very strong interaction with other care providers, particularly the HSE, and have a reasonably clear mission and role that they fulfil.

5 There is a widespread understanding that the funding of the care support element of services will either be supported by the State through payments under various health schemes; social welfare schemes; or other social assistance schemes. There is also a widely held perception that the funding of the accommodation needs is separate from the funding of the care support element. There is a view that the housing policy should encompass all persons in need of housing and thus the funding of the housing element would fall within the remit of the Department of the Environment, Heritage & Local Government.

6 The view within the sector is that the potential role of approved bodies in respect of affordable housing or shared ownership schemes is very limited.

Future funding of voluntary and co-operative projects

In our view, the options that should be considered in respect of the funding schemes for the voluntary and co-operative sector in future could comprise seven distinct options, namely:

1 a continuation of the current CLSS scheme;

2 a continuation of the existing CAS scheme;

3 the sourcing of monies on commercial lending basis from banks, building societies and or credit unions;

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4 the sourcing of funding from investors such as pension funds;

5 participation by voluntary and co-operative bodies in commercial property ventures;

6 participation on the part of voluntary or co-operative bodies in Public Private Partnership type schemes;

7 the release of funding through a sale and lease back of existing assets.

We see no merit in the continuation of the CLSS Scheme, as from a financial perspective, it provides no added value to the funding options available for social housing in Ireland.

We conclude that all the remaining options should be available to the sector and that the operating procedures; evaluations of projects and supports being offered by local authorities and the Department of the Environment, Heritage and Local Government should be amended to allow this to occur.

It is difficult to quantify an optimum level of State funding for the voluntary and co-operative housing sector. However, we recommend that projects should be assessed on a case by case basis, and that the issue of the level of State funding may be considered in the context of the local housing need, alternatives for housing in the area and other factors, including the scope for the voluntary or co-operative body to generate its own funds.

Summary of recommendations

1. We recommend that the Department of the Environment, Heritage and Local Government should obtain relevant evidence of satisfactory corporate governance practices from applicants for funding under the Social Housing programme. This evidence, such as submission of audited accounts, annual return to the CRO etc., should either be made with applications for funding assistance or on an annual basis to the local authority by way of an annual pre-clearance submission.

2. To regularise the sector, we recommend that:
   - Applications for approved status should in future be granted only where an identifiable local need is clearly shown to exist;
   - Approved bodies that have not received funding, such as if an approved body never was, or is no longer active, should have their approved status reviewed and withdrawn if appropriate,
   - Local authorities should be required to carry out a condition survey of dwellings developed by approved bodies who have received funding but which might be considered no longer active. In the first instance, such bodies could be defined as those which have not sought funding during the past five years. Inspections of later dwellings could be carried out subsequently. These condition surveys should also be accompanied with reviews to verify that sound governance procedures are in place and are being operated.

3 We recommend that greater cooperation between bodies in the sector should be fostered to:
   - Share scarce skills,

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- Seek operating costs efficiencies, and
- Provide for greater economy of effort.

Such a form of cooperation is in place in Limerick at present and should provide a model that in our view could be extended across the country. The sector's representative organisations could play an important role in this.

4 We recommend that in future, applications for funding should be accompanied by evidence of sound governance or alternatively, a body may seek an annual form of approval from the relevant local authority. The information for this form of clearance should include:

- a copy of the audited accounts,
- a copy of the annual return (B1) made to the Companies Registration Office;
- a statement of the number of dwellings held or under development;
- a statement regarding frequencies of Board/Trustee meetings; and
- an Annual Report, if prepared.

5 We recommend that voluntary and co-operative bodies should seek to access a wider range of funding options to support the housing related activities. Potential options are discussed in Chapter 6.

6 We recommend greater levels of cooperation between approved bodies in the sector and recommend that the Department should facilitate to the fullest extent possible, closer co-operation between approved housing bodies, up to and including proposed mergers amongst voluntary and co-operative bodies.

7 We recommend that the voluntary and co-operative bodies should be engaged in the local authority social housing planning process, given their role as potential delivery agents, particularly in respect of special needs housing. There are good working arrangements in some local authority areas, but such co-operation should be more widespread.

8 We recommend that the relative roles of various interests in the area of provision of support to people with special needs be defined at the earliest opportunity. In particular, this should define the responsibility for funding the services – both housing and care services – as well as defining the relative requirements of the special needs sector.

9 We conclude that a range of potential funding mechanisms, including loans, leasing, involvement in Public Private Partnerships, and other form of funding approaches exist and that the voluntary and co-operative sector should avail of these alternatives to the greatest extent possible. Our analysis of the range of funding mechanisms shows that leasing is a cost-effective approach, and particularly in the current environment, could be extremely cost-advantageous. We therefore recommend that individual applications for funding should be assessed on their merits, but that a preference for proposals involving leasing should demonstrate better value for money and a greater impact on addressing housing needs in Ireland.

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1. Background

Background

The Centre for Housing Research commissioned a strategic review of the capital funding schemes for voluntary and co-operative housing, seeking recommendations for future funding arrangements and the role of the voluntary and co-operative sector in the provision, maintenance and operation of social rented accommodation in Ireland.

The Request for Tender document specified that the main output from the contract would be a report, in two parts, to cover the following aspects:

Part A: Review of current policy and provision under the voluntary and co-operative housing investment programme

(i) Approved voluntary and co-operative housing bodies in Ireland

- Corporate structure
- Governance including corporate behaviour
- Legislative base
- Comparison with housing bodies in other jurisdictions
- Capacity & Resources
- Training and development needs
- National representative organisations – ICSH and Nabco.

(ii) Role as social housing and special needs housing providers

- Providers of standard, social rented accommodation
- Specialist providers of special needs housing and supports
- Links between tenancy support/care and housing provision
- Housing management –allocation policy
- Complaints procedures and dealing with anti-social behaviour
- Contribution to quality housing and sustainable communities agenda

(iii) Current funding policy

- The CAS and CLSS funding streams
- A comparison of mortgage versus capital funding
- Providing for social housing use of publicly funded properties into perpetuity.
- Access to finance including private finance
- Comparative cost effectiveness of sector

(iv) SWOT analysis of voluntary and co-operative housing sector.

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Part B: Future policy and direction of the voluntary and co-operative housing investment programme

(i) Recommendations on the future role of voluntary and co-operative housing bodies in the delivery of:-

- Standard social rented, family-type accommodation
- Special needs housing including sheltered housing for older people, homeless, persons with intellectual and physical disabilities
- Providers of on-site supports and care
- Interaction with care providers – HSE
- Funding the care/support element
- Provision and management of affordable rental housing

(ii) Recommendations on the future role of approved housing bodies in the provision of affordable housing

(iii) Options for the future funding of voluntary and co-operative housing projects

- Optimum levels of state funding
- Capital funding versus current funding to service HFA lending.
- Retention of "golden share" of, say, 25% by local authority

(iv) Options for private finance

- Short-term/long-term borrowings by approved housing bodies
- Financing mortgages from private lenders
- Income generation to finance borrowings

(v) Management/maintenance/regeneration of completed projects

- Sinking fund/capital replacement fund
- Equity release

(vi) Recommendations on future good governance of the sector

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2. Policy and economic background

2.1. National Policy objectives

2.1.1. Socio-economic importance of housing

Alongside food and clothing, shelter is a basic human requirement. Housing has therefore been a key focus of economic activity since time immemorial and a long-standing focus of public policy. Alongside its role as a basic human need, the reasons for the importance of the housing sector generally include:

1 quality of housing as a basic determinant of people's quality of life, both in itself and because it is also frequently associated with other important quality of life considerations, e.g. where people live, access to schools and work, etc.

2 housing is a major component of national physical infrastructure and built environment, and as such, is a major focus of spatial and land-use planning;

3 the status of the housing stock is a major determinant of the attractiveness of areas from an enterprise and residential perspective, and hence is closely associated with regional and urban development;

4 the status of the housing stock and its costs affects national competitiveness, in particular via wage and salary requirements;

5 for people who own houses, the purchase is generally the largest single financial transaction of their lives, and the provision of capital to fund this is also a major component of the financial services sector;

6 housing is a major ingredient of social, economic and physical urban re-generation; and

7 new house construction is a major component of the construction industry and of associated employment.

All of these considerations have given rise to a long-standing view in developed countries that housing markets need intervention. This intervention can have different motivations, e.g. stimulation of the construction industry, and can have different modalities, e.g. direct provision, incentivising home ownership, regulation of housing standards and of house purchase and rental transactions.

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Specific housing interventions such as the Capital Assistance Scheme (CAS) and the Capital Loan and Subsidy Scheme (CLSS) – which are described later in this chapter - are therefore components in the much larger relationship between public policy and the housing sector. While important in themselves, they cannot be seen in complete isolation from other public interventions.

2.1.2. Overall objectives of housing policy

The overall objectives of Irish housing policy, as stated in the DoEHLG statement on housing policy of 2007 is:

> *"to enable every household to have an available and affordable dwelling of good quality, suited to needs, in a good environment and, as far as possible, at the tenure of its choice".*[1]

This is an important statement. It places the emphasis of housing policy very much on the basic issue of ensuring that people have adequate housing, with the other benefits of housing being, by implication, of secondary importance as a component of this central aim.

This statement also provides a very clear focus for direct financial public expenditure on the sector. This is to ensure that the objective of housing for all is possible, even for people whose incomes might not otherwise make this possible.

2.2. NDP investment in housing

2.2.1. National Development Plan 2000-06

Significant public capital expenditure on housing dates back many decades. The National Development Plan 2000-06 was the first case where this investment in the housing sector was programmed through the National Development Plan. The investment was allocated by way of five measures:

1 local authority housing;

2 voluntary and co-operative housing;

3 improving access to affordable housing;

4 housing/improvements; and

5 groups with special needs.

Estimated total investment (2000-05) was €8.5bn of which local authority housing constituted €4.1bn and co-operative and voluntary housing €991mn, with the other measures accounting for the balance of expenditure.

2.2.2. National Development Plan 2007-13

Under the National Development Plan 2007-13[2] the Social Infrastructure Priority involves projected expenditure of €33.6bn over the period. Of this, €21.2bn involves housing, making housing the second largest infrastructure programme in the Plan after transport.

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[1] Department of the Environment, Heritage and Local Government, *Delivering Homes: Sustaining Communities, Statement on Housing Policy*, February 2007.

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The housing programme involves two major sub-programmes:

- social housing provision and renewal (€17bn);
- affordable housing and targeted private housing supports (€4bn).

The social housing sub-programme in turn involves two elements:

- new social housing;
- community sustainment and housing renewal, involving mainly urban renewal in the Gateway cities.

The new social housing objective targets some 27,000 new homes for people in need of social housing, commenced or acquired during the first three years of the Plan, i.e. 2007-09 inclusive. These will come through a combination of local authority, voluntary and co-operative housing, and the rental accommodation scheme (RAS – described later) contractual arrangements. Over the period of the Plan there will be a gradual movement from rent supplements provided under Social Welfare Rent Supplement Allowance to RAS in order to benefit households whose long-term accommodation is already met through contractual arrangements with landlords for existing properties transferring from rent supplement.

Progress will be reviewed following the first three years of activity under the Plan and will feed into the overall mid-term review of the NDP in 2010. This will involve the proposed delivery under the next series of multi-annual local authority housing plans, taking into account of needs, market developments and capacity. Overall it is estimated that some programme allocation will fund the provision of over 60,000 new units (local authority, co-operative and voluntary and RAS) over the period of the Plan to 2013.

2.3. Economic aspects of public housing investment

2.3.1. Economic rationale for intervention in the housing market

The Economic and Social Research Institute, in its work on successive National Development Plans, developed a four-way typology[3] for the rationale for different types of public investment and other interventions. It distinguished between:

1 **public goods**, i.e. products which are inherently public goods, i.e. cannot be provided on a private market basis (e.g. street lighting);

2 **corrective tax or subsidy** which aims at altering relative prices facing firms or individuals in order to correct for some generally persistent externality;

3 **targeted schemes** which are specifically designed to alter behaviour;

4 **redistributional tax** or subsidy designed to alter the distribution of personal or household income in favour of particular groups, e.g. people who are less well off.

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2 The Department of Finance, *National Development Plan 2007-13: Transforming Ireland,* January 2007. Department of Social and Family Affairs, *National Action Plan for Social Inclusion, 2007-2016*, February 2007. *Towards 2016: Ten-year Framework, Social Partnership Agreement 2006-2015,* June 2006.

3 E. Morgenroth and J. Fitzgerald, Ex-ante Evaluation of the Investment Priorities for the National Development Plan 2007-13, ESRI, October 2006.

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The Institute has seen public investment in social housing as primarily of a re-distributive nature, i.e. it is designed to ensure that people who cannot otherwise afford housing have access to it (see Fig. 1).

This provides an important part of the wider context for evaluating the present schemes. They must be judged on their ability to deliver on this Government objective, i.e. wider rationales for using this particular mechanism are of secondary importance, such as a possible desire to assist the co-operative sector.[4] It is first and foremost a redistribution mechanism.

Figure 2.1: Classification of NDP Investments by Nature of Economic Rationale

	Public good %	Corrective %	Targeted %	Redistribution %
Public physical infrastructure Transport (incl. Ports, Harbours, Airports)	80	20		
Environmental Infrastructure	50	50		
Housing	10			90
Sports & Arts	30	30	30	10
Human Resources				
Education	90	10		
Training	10		70	20
R&D	30	10	60	
Productive Sector				
Energy	20	70	10	
Telecommunications	20	80		
Agriculture, Forestry, Fishing	10	40	40	10
Tourism	40		60	
Enterprise/Industry	10	10	80	
Equality/Social Inclusion			50	50
Health	100			
Childcare				100
Regional Urban and Rural Development	10		80	10

Source: Fitzgerald et al. (2003)

2.3.2. The economic case for direct provision

While the general case for public investment in social housing is well established on redistributive grounds, there is a wide variety of mechanisms by which this could be achieved on both the supply and the demand sides, i.e. there are many means by which public funding could be made available to those who cannot otherwise access housing in order to help them do so. Indeed, many of these are also in use and have risen in frequency both in Ireland and elsewhere in recent years, as the new "third" sector of affordable housing has grown in importance during the Celtic Tiger period.

[4] Forfás, *Ireland's Co-operative Sector*, 2007

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Regarding the question of why the State directly funds house supply and construction, and purchase – whether via local government or non-profit sectors – still needs to be addressed. A recent review of social housing in the UK[5] cites a series of economic reasons:

1 **paternalism,** i.e. the feeling that assistance should be tied to meeting the actual housing need whereas as against, for example, simply giving cash people might use it for some other less desirable purpose;

2 **merit goods,** which are seen as so important that everybody should have access to them (primary education is another traditional merit good);

3 **externalities,** i.e. that if some people's housing is of a particularly poor quality, then it has a knock-on effect on others such as their neighbours;

4 **legacy,** i.e. the view that high quality buildings are a good investment to pass on to the future and that if left entirely to the market, people on lower incomes might construct poor quality housing.

However, Hills acknowledges that these arguments generally still do not necessitate actual direct provision of social housing, e.g. means such as vouchers or grants and subsidies linked to owner-occupation can achieve the same aims.

Another important reason, especially during a construction boom period, is that support to direct provision actually increases supply. Otherwise, demand-side subsidies might just push up housing costs. In a construction down-turn, the reverse may of course apply. However, demand side policy may enable the State to follow a life cycle approach by providing the scale and type of assistance that most suits an individual's requirements at different stages in the persons lifetime.

2.3.3. Why social housing?

Turning specifically to the matter of direct provision by non-for-profit landlords, he cites a further series of arguments, see Figure 2 following. These essentially say that this method is more efficient at achieving the objectives than are others.

2.3.4. Why co-operative and voluntary housing?

An area where economic commentaries have generally less to say is that regarding the specific topic this study, namely the use of co-operative and voluntary organisations as distinct from local authorities. The NESC 2004 review of housing policy stated that in addition to their growing role, the sectors: *"add to the diversity of current provision, both in terms of the nature of accommodation provided and also a wider range of management approaches"*.[6]

A particularly important factor here, especially in the UK context (see Appendix V) is the perception that non-profit housing associations are likely to be more responsive to tenant needs than local authorities, especially large ones.

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[5] John Hills*, Ends and Means: Future Roles of Social Housing in England,* ESRC Research Centre for Analysis of Social Exclusion, February 2007.

[6] National Economic and Social Council, *Housing in Ireland: Policy and Performance*, Report No. 112, November 2004.

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Figure 2.2: Economic Case for Direct Provision of Social Housing

- First, there are undoubtedly some people and families whose capacities are so limited or whose lives are so chaotic that they would not be in a position to organise their own housing in the market, or cope with organising its upkeep. While it is not the focus of this report, the important role of "supported housing" within the social sector is sometimes a reflection of such needs, and those going beyond just providing a roof over someone's head. Others may need help at times of crisis, when there are many other pressing needs to cope with, and help with organising a roof over a family's head is crucial. However, such arguments manifestly do not apply to anything near the approaching one fifth of the population living in social housing, and even where they do, there could be other forms of support that could be given that do not necessarily involve non-market provision of the housing.

- More generally, the weak position of an individual or family with limited means faced with the substantial time and financial costs of moving may leave them open to exploitation by unscrupulous private landlords through high rents, poor maintenance and discrimination. Even today, nearly fifty years on, the fear of "Rachmanism" is still a strong justification advanced for provision through not-for profit (and more easily regulated) social landlords. In other words, social housing may achieve a better quality of provision than the private sector – and can ensure that certain groups are not discriminated against in access as they might be privately. Linked to this, a development of the "merit good" argument is that some people may support transfers via trusted not-for-profit organisations, but would not support the same resources being channeled via a profit-making route.

- Third, organisations with long-term housing objectives and commitments can provide long-term security of tenure to tenants in a way that private landlords would be unwilling to give (or would charge heavily for the risks entailed), and so allow tenants the stability to get on with the rest of their lives, such as settling children into schools.

- "Social" landlords may indeed be that, operating at a local scale and with a social motivation that allows them to take a wider role, for instance in improving or protecting neighbourhood conditions, but perhaps also in supporting the viability of the areas in which they operate in a way that small private, profit-motivated providers might not. On this kind of argument, one might be less worried if imprecise subsidy systems led to "surpluses" in the long run, as they would be applied to socially-valued aims, rather than taken as windfall profits.

- A dominant argument historically, and arguably still applicable given continuing land constraints and inelastic supply, is that through the use of supply subsidies to "bricks and mortar", government can ensure that its resources do indeed create new supply, rather than driving up prices, as might happen if demand subsidies to individuals simply led to more cash being thrown at a little-changed supply. In other words, direct subsidies may result in better value for money – although this kind of argument depends on a series of assumptions that may or not be true (for instance, that in the absence of social house-building, the same land would not be used for housing, or not used so intensively).

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A final argument is, however, particularly pertinent to the current state of English social housing. This is that, while demand-side subsidies may be tied in a way that ensures they are spent only on housing, the market may operate in a way that leads to sharp area segregation and polarisation, and to the emergence of low-income ghettoes.

Those with low incomes may end up restricted by the market to the least desirable parts of towns and cities. In the extreme, if there were no link between housing support and regional costs, people with modest means might end up unable to live in higher-cost regions. A crucial advantage of social housing is thus the potential for breaking the strength of the links between household incomes and location, in a way that could make it much easier to sustain mixed-income neighbourhoods than systems relying exclusively on market provision.1

There is also another kind of argument, running in the other direction: providing "adequate" housing but of a low standard, or in an undesirable location, may be a way of achieving a minimum physical standard of provision for those with no other choice, but acting as a rationing device to limit demand for subsidised provision from those who then choose something of higher quality, even without the subsidy.

[1] Although it is possible to design "housing voucher" systems with restrictions on location that achieve some similar effects – as in the US "Moving to Opportunity" experiments.

Source: John Hills*, Ends and Means: Future Roles of Social Housing in England,* ESRC Research Centre for Analysis of Social Exclusion, February 2007.

2.3.5. Why sub-market rents?

Hill goes on to note that these arguments make a clear case for the existence of social landlords, e.g. local authorities or co-operative and voluntary housing associations, but do not demonstrate that sub-market rents are still the optimal tool, e.g. the housing is provided at full market rent, but with the cost of this rent subsidised by rent subsidies.

Again, there are pros and cons. In favour of sub-market rent is their efficiency if social housing is itself well targeted, as well as equity reasons. Disadvantages are a lack of mobility, limited market power of the tenant (even with relatively benevolent landlords), potential stigmatisation and the costs of administering the system.

The Department's Policy Statement states that *"the sector has much to offer in terms of volunteerism, innovation, management skills and its not for profit ethos".* Against that there could also be said to be potential downsides, some of which were cited in the expenditure review of voluntary housing (SIC). These include:

1 relative complexity of the current scheme and some absence of transparency;

2 some ambiguities about the precise nature of the relationship between both the Department and local authorities, and the associations, i.e. are they service providers?

3 dangers of cross-subsidy to beneficiaries who are not the primary target group of public funding;

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4 some potential overlap and duplication regarding the sociable and affordable element of the Association's activities.

2.4. Possible implications for the review

2.4.1. Overall conclusions

1 the overall objective of social housing provision generally, including the two schemes (CAS and CLSS) under review, is to ensure that people who cannot afford housing in the marketplace have access to adequate quality housing. Any wider objectives are secondary ones. The efficiency and effectiveness of the schemes must therefore be judged against this primary objective;

2 the schemes are only one of many interventions in the housing market, including other interventions to achieve similar objectives;

3 the schemes are a sub-set of the supply-side interventions, the other principal one being local authority provision;

4 there is a tendency in commentaries to overlook the distinction between the voluntary and co-operative bodies in the sector (and frequently the two are referred to singly as the voluntary sector);

5 the question of the appropriate comparator, particularly for cross-comparisons, arises. This is probably clearest in the case of CLSS where the comparator must be local authority housing provision. However, in the case of sheltered accommodation under the CAS this is less clear, as local authorities generally don't make similar provisions;

6 given the considerable number of other schemes and supports in place, particularly in relation to affordability, any over-radical approach to the funding of these schemes might give rise to further questions of overlap with other schemes;

7 the association's policy regarding both tenant purchase and rent charging are crucial aspects of the ultimate nature of the subsidisation and benefits of the schemes.

2.4.2. Key policy questions

Consideration of economic aspects of the schemes suggests a number of levels of issues:

1 the overall case for public investment in social housing – this case is largely accepted, but crucially it is a redistribution one;

2 how best the resulting subsidy should operate via the supply or demand sides;

3 the nature and structure of the schemes as they currently operate and whether this is optimal, e.g. they are not clearly differentiated on any single basis – source of funding, method of funding access, method of funding distribution, and the distribution channel (see Figure 4.1 in Chapter 4). The schemes might be better or more rationally constructed in terms of either:

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i a scheme for each association;

ii a scheme for different types of beneficiaries;

iii a scheme for houses-for-rent versus houses-for-purchase. At present the schemes are distinguished primarily by how the financing is funded, which is perhaps not the best basis;

4 the detailed administration and criteria, e.g. the relationship between the housing provider and the final beneficiary (the tenant);

5 value for money issues, which necessitate clear objectives which are to be achieved.

Given the difficult economic climate, budgetary position, and in particular substantial falls in tax revenue, the Department of the Environment, Heritage and Local Government together with the Department of Finance are reviewing the resources that are currently available to the social housing sector. The Government is seeking to optimise the use of its capital resources, and a number of capital funding schemes will no longer be available in the future. In the voluntary and co-operative housing sector, for example, it is possible that CLSS capital funding will cease, though the CAS capital funding will continue.

The Department recognises that in light of the current economic climate and restricted capital funding, the social housing sector will need to be fundamentally redesigned.

Currently the social housing stock is made up of close to 200,000 units, split between local authority housing, voluntary and co-operative housing, RAS and rent supplement households as follows:

FIGURE 2.3 No. of units	
120,000	Local Authority Housing
23,000	Voluntary and Co-Operative Housing
5,000	RAS Units
52,000 – 72,000	Rent supplement households
Total: 200,000 – 220,000	

The Department is seeking viable options for a sustainable model for the social housing sector, based on the assumption that the current level of social housing stock (approximately 200,000 units) will be provided.

A number of parameters which any proposals need to adhere to may also be assumed. These are:

1 Where an individual is a tenant and where that individual is eligible for inclusion in the relevant local authority housing list, there must be no change to the differential rents scheme currently in operation, which determines what rent that individual will pay;

2 No consideration will be given to the use of investment tax incentives, tax reliefs or any tax allowances that do not currently exist;

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3 The net cost to the State must be identified.

4 There must be no major short term shift in the structure of the social housing sector, particularly in respect of the current stock of dwellings owned by local authorities.

2.5. Legislative background

In respect of the provision of social housing, Section 6 of the Housing (Miscellaneous Provisions) Act, 1992 enables housing authorities, inter alia; to provide assistance to approved housing bodies in respect of the provision of housing. Section 6 (6) of the Act empowers the Minister to grant approved status for this purpose.

Bodies which may be considered for approval are as follows:

- Limited Companies formed by guarantee of their members and not having a shareholding, registered under the Companies Acts, 1963 – 2001;
- Societies registered under the Industrial & Provident Societies Acts, 1893 – 1978;
- Trusts incorporated under the Charities Acts.

A body seeking to obtain, and to retain, approved status under Section 6 of the 1992 Housing Act must: -

- have as primary objects the relief of housing needs, or poverty or hardship or the welfare of Travellers, and the provision and management of housing,
- have in its memorandum of association or registered rules, as the case may be, provisions prohibiting the distribution of any surplus, profit, bonus or dividend to members and requiring that the assets of the body be applied solely towards its objects.

Such a body may seek to provide housing accommodation and related services for families, single persons, elderly persons, persons with disabilities, homeless persons, Travellers and other disadvantaged persons. The payment of capital funding or provision of other assistance under the terms of any of the Department's housing schemes is conditional on compliance by the approved body with the conditions of the relevant scheme, including the accommodation of eligible or qualified persons.

Each approved housing body must have a properly functioning governing body, or Board of Directors or Trustees, which is directly responsible for the commissioning of housing projects and services, the ownership, management and maintenance of dwellings let and compliance with all relevant statutory regulations.

The governing body or management Board of Directors or Trustees of an approved housing body shall consist of not less than five individuals each of whom should be ordinarily resident within the jurisdiction of the State. The chairperson and secretary of the approved housing body, or persons fulfilling these functions, shall also be resident within the jurisdiction of the State.

No individual may be elected or appointed as a director or trustee or senior employee of an approved housing body, or retain such a position, where he or she has any material interest of significance in relation to the income or any other benefit derived from any commercial contract

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or other arrangements for the construction of houses for the approved housing body, or in the supply of goods and services to the approved housing body.

Approved housing bodies must ensure that adequate financial accounting and control procedures are adopted to monitor capital income and expenditure in respect of the development of housing projects and, thereafter, in respect of the control and accountability for ongoing current income (including accounts of rental income and other revenue) and expenditure in respect of each project undertaken. Details of the audited income and expenditure accounts and balance sheet of an approved body shall be provided on request to the Department, or to any housing authority holding a mortgage or other charge in respect of an approved housing body's dwellings or issuing other forms of subsidy, allowances or grants to the body.

Applications for approved status must be supported by:

a the memorandum and articles of association, rules or constitution of the body seeking approval, together with a copy of its certificate of incorporation or registration;

b the names and address of its officers and of all the members of its governing body or board of directors or trustees, the address of its registered office and the address of the secretary, if different from the registered office;

c a description of its existing and/or proposed activities, plans or programmes;

d information on its current financial position, including latest statements of audited accounts, if available.

The Voluntary and Co-operative Housing Unit in the Department of the Environment and Local Government and the relevant housing authorities should be advised immediately by an approved housing body of any change in its name, objects or legal constitution, or on cancellation of its legal registration status, or on change in the address of its registered office, or in the name and address of its secretary and, on request, provide the names and addresses of all its current directors or trustees.

Organisations engaged in commercial or other risk taking activities should also furnish information on the nature of the management structure and control procedures for the proposed housing project/s. To obtain approval under Section 6 of the 1992 Housing Act, such organisations would generally be required, where appropriate, to form a separate legal body with the sole purpose of operating the housing project/s. Approved housing bodies may not be controlled or be a subsidiary of another organisation.

Approved housing bodies may not engage in any other commercial risk taking activities which may adversely affect the financial solvency of their housing activities. Bodies seeking approved status must have a genuine commitment to the provision and ongoing management of social housing services.

In considering an application for approval, account may be taken of the promotion of the orderly, reliable and balanced development of the numbers of approved housing bodies in each

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part of the country and related housing management responsibilities, having regard to the substantial public resources utilised in providing financial aid to such bodies.

A body approved under Section 6 of the 1992 Housing Act may have its approved status suspended or withdrawn in the event of the body ceasing to comply with the provisions of the legislation, or the requirements, terms and conditions of the Department's Capital Funding Schemes.

Housing authorities, or existing local development organisations seeking to encourage or assist the formation of voluntary housing associations or housing co-operatives in their areas, are urged to contact the respective representative, co-ordination, information and advisory bodies for guidance about the legal, management and other responsibilities involved, including those of social housing landlords. The following information gives the relevant names and addresses, etc., of the representative and advisory bodies for both the voluntary and the co-operative types of housing associations: -

Irish Council for Social Housing (ICSH) 50 Merrion Square East, Dublin 2

Telephone No: (01) 661 8334 Telefax No: 661 0320, Website: www.icsh.ie

The ICSH has a representative, promotion, co-ordinating, information, advisory and training role in relation to non-profit and voluntary housing associations. Information and advice about the provision and management of voluntary, philanthropic and social housing services is provided. This includes assistance with legal incorporation and the provision of a model legal constitution for the registration of a bona fide voluntary housing association. Guidance is also provided for affiliated bodies about housing project development, management and maintenance, rents, budgets, accounts, etc.

National Association of Building Co-operatives (NABCo) 50 Merrion Square East, Dublin

Telephone No: (01) 661 2877 Telefax No: 661 4462, Website: www.nabco.ie

NABCo has a representative, promotion, development, co-ordinating, information, advisory and training role in relation to housing co-operatives. The Association comprises an affiliated network of non-profit, mutual, local and district / area co-operative housing societies providing rental and ownership housing. The Association's services include the provision of the model rules/constitution and legal registration, when necessary, of co-operative housing societies. The Association organises new co-operative housing projects and provides ongoing management, advice, guidance, and other support services for affiliated housing co-operatives.

2.6. Report of the Special Group on Public Service Numbers and Expenditure Programmes

The most recent proposals on the social housing programmes were provided by this group and are as follows.

Housing has a 2009 current expenditure allocation of €255m of which €5.7m is pay. This represents an increase of €59.9m on 2008 expenditure due to a reorientation of housing policy

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from construction to leasing to take advantage of current market circumstances and achieve housing targets within a reduced capital allocation. In 2009, €20m was allocated for leasing. This Division employs a complement of 129 staff. The D/EH&LG's capital expenditure housing allocation for 2009 is €1,160.5m representing a €355m decrease on 2008 expenditure.

Housing is the largest item of expenditure in the D/EH&LG budget. It covers a large number of activities and programmes from the social housing investment programme, the regeneration/remediation of social housing, provision of accommodation for travellers, provision of accommodation for the homeless, support for social housing provided through the voluntary and co-operative sector, support for affordable housing, and the provision of housing adaptation grants for the elderly and the disabled.

The Group notes:

1 a €355m cut in the capital housing budget for 2009;

2 the reorientation of housing policy from construction to acquisition and leasing to achieve greater value for money in a tightening budgetary situation;

3 the utilisation of unsold affordable housing for social housing purposes to achieve greater efficiencies and value for money in the current market;

4 the rationalisation of agencies through the amalgamation of the *Rent Tribunal* into the *Private Residential Tenancies Board* (PRTB) which will save an estimated €70,000 per year; and

5 the restructuring exercise in the Housing Division to streamline and rationalise the resources of the Division.

The Group supports the following policy measures:

B.1 Rationalise housing policies

- **Promote rental leasing/acquisition instead of traditional construction**

The Group supports the D/EH&LG's policy of directing local authorities to move funding from construction of dwellings to acquiring them via leasing, rental, or purchasing of already built dwellings. In the current housing market it is possible to achieve greater value by leasing or purchasing on the market. This will increase current expenditure but will yield better value for money in the current conditions and achieve capital savings. It is noted that in exceptional circumstances local authorities may need the flexibility to construct dwellings to meet the needs of some individuals.

Tenancies should be reviewed periodically, at a minimum at 5 year intervals, and the housing needs of tenants reassessed, regardless of income or family circumstances. Local Authority tenants should not have the right to hold a tenancy for a particular abode for their lifetime or be able to pass on a tenancy to a family member. As family circumstances change, the accommodation provided should match the circumstances, e.g. as a household reduces in size a smaller alternative should be provided.

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- **Reconsider the policy of selling existing local authority housing stock**

The Group is of the opinion that discounts for tenant purchase should be withdrawn and local authorities should maintain a housing stock. In line with the Group's view on reviewing the local authority tenancy system, tenant purchase of local authority housing stock should be confined to existing tenants.

- **Part V of the Planning and Development Act**

The purchase option in Part V of the Planning and Development Act 2000 is too rigid in its requirement that the Local Authorities must purchase a proportion of the units in each development. The Group recommends that Part V be amended to provide greater flexibility in implementation and protect the position of the Exchequer.

The Group recommends the following structural reform measure:

B.2 Rationalise Housing Agencies and Schemes

- **Discontinue Affordable Housing Schemes**

Due to the sharp improvement in housing affordability, all affordable housing schemes should come to an end and the *Affordable Homes Partnership* should be discontinued. The above measures together could save in the order of €6.2m.

- **Capital Loan and Subsidy Scheme (CLSS)**

The CLSS scheme provides finance for the voluntary housing activity of a variety of bodies. There are over 20,000 units owned and operated by these organisations. Under the CLSS, voluntary groups borrow from the Local Authority who access finance from the *Housing Finance Agency* (HFA). The repayment of the loans is recouped annually from current Exchequer funding. The system should be reviewed to see if opportunities exist for a reduction in Exchequer support for voluntary housing bodies. This may entail the scheme being replaced in its current form. It may be that more can be done by the housing bodies to raise some of their own financing based on their current portfolio of houses with a reduction in Exchequer support.

- **Rental Accommodation Scheme (RAS)**

With residential market rents declining (The latest CSO *CPI Detailed Sub Indices Release* of June 2009 shows that rents decreased by 16.4% over the previous 12 months), local authorities are in a position to negotiate better contracts with landlords participating in RAS. While existing contracts are fixed, every effort should be made to seek reductions in line with the reduction in market rates. New contracts should take advantage of greater value for money available in the current market. This will enable greater numbers to be accommodated for the monies provided.

The current rent supplement scheme impacts on the size of the housing needs list inflating actual need. Cross checking on studies of need is necessary. A robust figure for housing need is required for planning the number of dwellings to purchase, lease or construct.

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3. Profile of sector

Survey of the Voluntary and Co-operative Housing Sector

We carried out a questionnaire-based survey of all housing associations and co-operatives. The purpose of this survey was to identify:

- Corporate and governance structures, management, staff, tenant involvement in management
- Financial management, rental and other revenue income
- Maintenance practices and issues
- Housing development plans
- Policies, practice and procedures in terms of housing management, allocation, arrears, estate management, anti social behaviour, support service provided etc
- Number of units of housing, distribution of units
- Target groups for housing (i.e. general needs, special needs)
- How they identify target groups
- Profile of tenants (household type and size, income, length of tenancy)
- How they fund the care and support elements provided
- Links with local authority in terms of target groups and allocation
- Membership of ICSH and/or NABCO and satisfaction with these representative bodies
- Profile of staff in terms of skills, experience, qualifications and pay levels
- Satisfaction with local authority, and
- Satisfaction with DoE administration of funds

Survey preparation

A questionnaire was sent to all the approved housing bodies (both Voluntary and Co-operatives) in order to profile the voluntary and co-operative housing sector. Both the Irish Council for Social Housing (ICSH) and the National Association of Building Co-operatives (Nabco) were consulted in the drafting of the questionnaire.

The questionnaire consists of 68 questions, grouped under the following headings:

1 General Information

2 Legal Structure

3 Board / Trustees

4 Governance

5 Staff/employment Details

6 Profile of Housing Stock

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7 Tenant Information

8 Delivering on Social Housing Needs

9 Capital Funding

10 Finance and Financial Management

11 Caretaking, Repairs & Maintenance

12 Policies, Practices and Procedures for Housing Management

13 Membership

14 New Housing Developments

An up-to-date list of all approved housing bodies was obtained from the Department of the Environment, Heritage and Local Government. Over 700 copies of the questionnaire were posted to these organisations, and in addition, soft copies were e-mailed to those organisations that indicated a preference for submitting information electronically.

A copy of the questionnaire is included in Appendix I.

Outcome

Returned surveys

A total of 128 housing surveys were returned out of the 728 distributed, giving a return rate of 18%. In absolute terms, this was a poor response rate. Follow up communication was made to organisations that had not responded, however, no improvement to the rate of return was achieved. In terms of the total estimated housing stock, the returns represent approximately 54% of the total voluntary and co-operative housing stock, indicating that just over half of the sector, in terms of activity, had responded.

We do not have any basis from the survey for determining how many of the non-respondents are inactive, defunct or have wound down, or indeed if there were organisations which were granted approved status, but did not build or acquire any housing units at all. Furthermore, we have no basis for identifying any bodies that were registered and never became active, or ones where contact details may have changed and the Department/local authority had not been notified. It is not possible to define what the number of potential respondents actually is.

A survey of 651 approved bodies carried out by the ICSH in 2008 showed the following:

Voluntary bodies that are members of ICSH	339
Active Voluntary bodies	147
No information	84
Dissolved	61
Co-operatives	18
Struck off	1
Liquidated	1
	651

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This indicates that a large proportion of voluntary and co-operative bodies are active but that a number might be considered to be of concern, on account of the absence of information.

Overall, approximately 35% of member s of the two voluntary and co-operative housing representative bodies (ICSH and NABCo) responded, which we are advised is close to levels achieved by these representative bodies for in-house surveys.

Key findings

Profile of respondents

The 128 responses received came predominantly from voluntary bodies that are companies limited by guarantee (110 responses of the 128). In addition, responses were provided by 8 voluntary bodies that are trusts, and there were 10 responses from co-operative societies.

An analysis of the respondents in respect of their housing stock suggests that respondents are reasonably well spread across the different categories from large to small operators. This suggests to us that the possibility of some skewing in the results is not significant.

The age profile of the respondent organisations is also reasonably well balanced, with some 60% of the respondents having been in existence in 2000, and the balance having received approved status since then. While the number of Trusts that responded to the survey is relatively small, it is interesting to note that 5 of the 8 trusts were in existence in 1990. We are advised that the use of Trusts is quite rare in the sector.

While every one of the voluntary and co-operative bodies with a housing stock provides housing for rent, the organisations offering other services, such as services to people with disabilities, services to the homeless, or other forms of tenant support, tend to be the larger organisations in terms of housing stock. In short, the survey indicates that it is mainly the larger voluntary and co-operative bodies that tend to provide a wider range of services to people, other than housing, though many smaller bodies also do so.

Legal structure

The predominant legal structure among respondents is that of a company limited by guarantee, with 110 of the 128 respondents having this form of legal structure, while the remainder were split between trusts, numbering eight, and co-operatives, which numbered ten. From the responses, a key difference is confirmed. Co-operatives provide dwellings solely for members of the co-operative; while on the other hand, trusts and companies limited by guarantee provide houses for rent by third parties, in many cases people with particular needs.

A total of 121 of the 128 respondents stated that they have received approved charitable status from the Revenue Commissioners. Given the nature of the sector, it would have been anticipated that charitable status would be an objective of any voluntary and co-operative housing body. On closer examination of the organisations that do not have charitable status, we find that there are four companies limited by guarantee, with a total housing stock of 12 units, all of whom state that they have no plans to purchase or develop any additional units. One Trust which was approved in 1983 does not have charitable status, and it also indicates that it does not plan to build or develop any new properties. Two of the 10 co-operatives that replied do not have charitable status; these state that they are planning to develop new properties.

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Irish tax legislation provides exemptions for charities in respect of certain taxes, and these exemptions are provided only for organisations that have received approved charitable status. Tax exemptions may be provided in respect of income tax; corporation tax; capital gains tax; stamp duty and dividend withholding tax. Approved organisations may also recover tax on donations and may also receive exemption from commercial rates on properties they own/occupy. It is evident that having charitable status is a particular advantage, and while the number without that status may be small, consideration might be given to asking these bodies to review their status and consider whether the seeking of approved charitable status should be progressed.

Charitable status also places certain restrictions on the organisations such as restricting the remuneration to Directors and placing conditions on the sale or disposal of assets. In our view such restrictions are not onerous and are merited in the case of bodies in receipt of substantial State assistance.

None of the respondent companies had a majority shareholder, and some 49% of shareholders have been involved in the relevant company for a period of 5 years or more. (The use of the phrase "shareholder" here does not mean an individual who is a holder of shares in a company, but rather an individual who has agreed to subscribe a certain amount of money in the event of a company being wound up. These are shareholders by way of guarantee, not by way of subscribers to the ordinary share capital of a company.)

Corporate governance

The majority of directors of companies and co-operatives are either executive directors who work with the voluntary and co-operative body on a voluntary (i.e. non-remunerated) basis, or are non-executive directors who are also not remunerated.

In respect of the profile of company directors, some 46% of directors have been in the position for at least five years, while the number of directors in that position for less than one year is just 8%. We found that almost 70% of trustees have been acting in that capacity for a period of more than 5 years. It appears therefore that in overall terms there is a reasonable depth of experience, when measured in terms of time served, amongst the directors of the various approved bodies.

In response to the frequency of board and trustee meetings, we find that just over 80% of the organisations' boards/trustees meet at least once every quarter (34% meet on a monthly basis). Some 7% of the boards meet only on an annual basis while 9% provided no response to this question.

Amongst the different kinds of organisation, we found that trustee meetings are held on at least a quarterly or a monthly basis. There are no indications of any trusts meeting on a less frequent basis. In the case of co-operatives, we found that 70% indicated that they met on an at least quarterly basis while the other 30% did not respond to the question. In the case of companies, some 80% meet either quarterly or monthly, some 8% meet only on an annual basis, and some 9% made no response.

Of the nine companies limited by guarantee that stated they meet only on an annual basis, we found that five of them have no housing stock, and indeed three of these five have no plans to

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develop any houses in the near future. It is possible therefore that these are meeting on an annual basis solely to fulfil their requirement for an annual general meeting. The other four companies limited by guarantee that meet on an annual basis have a total of 124 units under their management, and each one of these indicated that it plans to develop more. It is difficult to see how the board of directors can provide the level of oversight and guidance generally sought from a board when meetings are held on an annual basis only.

Fourteen organisations provided no specific response to our question in respect of the frequency of board and trustee meetings, and of these, eleven were companies limited by guarantee and three were co-operative societies. Of this latter group of fourteen, three had no housing stock, and of this latter group, two indicated that they had no intention of developing any units. A further six entities, all companies limited by guarantee, have less than 20 units, but five of these indicate that they plan to develop further in the future. Of the "no response" or "other", three organisations (comprising two companies limited by guarantee and one co-operative society) have in excess of 100 housing units, and all three indicate that they plan to develop more. As these entities provided no response or no specific response, we consider that the frequency with which these directors meet should merit consideration on the part of the existing directors.

Some 88% of the respondents had their last audited accounts completed within the 15 month period prior to the questionnaire being distributed and the responses received. The survey was carried out in the last quarter of 2008 and the first quarter of 2009 and, from inspection, most of the organisations responding to the questionnaire had financial years ending on 31 December. It is most unlikely that the audited accounts in respect of the year ending 31 December 2008 would have been prepared for these entities during the time of the survey, and consequently, the finding that 88% of the organisations had audited accounts completed within the previous 15 months indicates a high level of compliance with the audited accounts requirement.

A total of 12 entities, all companies limited by guarantee, stated that their most recent audited accounts were between 15 and 27 months previously. This suggests that typically their more recent accounts were for the year ending 31 December 2006. One of these companies has 190 dwelling units, while the remaining 11 companies had a total of 106 dwelling units between them all. While it may be inferred that with one exception, these 12 entities are relatively small in terms of their housing stock, and in terms of their overall operation, nonetheless, we would normally expect that they would have completed their audited accounts by the time of the survey.

Three other organisations, two of which were companies limited by guarantee and one of which was a co-operative society, have no audited accounts for a period in excess of 27 months. The two companies limited by guarantee have a total of 77 dwelling units between them, while the co-operative society had zero housing stock. Nonetheless, we would have expected that audited accounts would have been prepared within this period of time.

In summary, the questionnaire responses suggest that there is quite a reasonable level of compliance and governance among the voluntary and co-operative bodies that responded to the questionnaire. However, there also appears to be some good governance deficiencies arising from the frequency with which some boards hold meetings and in terms of the preparation of

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audited accounts, which makes us question how the directors receive the information that they require to enable them to fulfil their duties as directors to the fullest extent possible.

We recommend that the Department of the Environment should require relevant assurances that corporate governance practices be provided by applicants for funding under the Social Housing programme, and that appropriate evidence, such as submission of audited accounts, should be made with applications for funding assistance and/or on an annual basis to the local authority. This is consistent with the provisions of the current legislation.

Staff and management

53% of the respondent organisations employ paid staff, while the remainder, 47%, do not. Among the different types of organisations, 75% of the trusts employ paid staff, though it is noted previously that the number of trusts replying to the survey is relatively small. Of those organisations that employ staff, the average number of paid staff is, in round terms, 62, and these are split almost equally between full time and part time staff. For companies, which form the vast majority of respondents, the average number of paid staff is 72, with marginally more than 50% of these being full time staff, and the remainder being part time. However, care should be taken in how this figure is interpreted, as there is a very wide variation in the numbers of paid staff employed amongst the companies in the sector. In the case of trusts, the average number of staff is 16, of which 10 (or some 60%) were full time staff. In co-operatives, average staff numbers are 7, which are split almost equally between full time and part time staff.

In taking the average number of staff, the reader should appreciate that the larger organisations who are involved in providing a range of support and social care services employ a significantly higher number of staff compared to those smaller organisations involved in housing related services alone.

The small number of staff employed by co-operatives reflects their focus on the operation, maintenance and upkeep of housing, together with central management and administration activities. Co-operative bodies exist to provide housing and housing support and there is no evidence of co-operatives providing assistance with special or other needs. Where co-operatives employed staff in another capacity, it was in the provision of childcare services.

Among trusts and the companies limited by guarantee, the vast majority of paid staff is involved in the provision of services to people, such as care services. These are provided by some 78% of paid staff across the organisations and the next highest area of paid staff activity is management and administration, accounting for 11% of paid staff. Just 10% of total staff are involved in new housing projects and the operation, maintenance and upkeep of existing houses.

In general, it can be seen that the focus of paid staff activity is on provision of services to people, and the amount of staff effort allocated to central management and involvement in housing activities, at 20%, is considered reasonable.

However, we should note that not all voluntary bodies are engaged in the provision of care services. Many voluntary associations are providers of housing and housing services only.

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In respect of voluntary staff that are unpaid, 55% of companies and 50% of trusts use unpaid voluntary staff. No co-operative responded by saying they engage with unpaid voluntary staff. The key activity for voluntary staff in the case of companies was fundraising (42% of staff) followed by a range of "other" activities (25%) and the provision of services to people (17%). A number of voluntary staff are also involved in the organisation, management and administration of companies.

In the case of trusts, voluntary staff are primarily involved in the operation and maintenance of housing, and also central management and administration. However, the numbers engaged with trusts is relatively small.

One third of the respondents indicate that they have a written staff training and development plan. Training plans are more prevalent amongst co-operatives, where 50% of respondents have a written training plan, while just 35% of companies have such plans. None of the trusts responding to the survey said that they have such a plan.

The overall average training budget per respondent was €21,198. This training budget varied across the different types of organisations from:

- Companies €23,585
- Co-operatives €1,325
- Trusts €16,800

These are average training budgets only, and do not reflect the previous education and professional careers of many of the staff and the scale of on the job training.

The bulk of training provided is in-house, this form of training being used by some 48% of respondents. Among the different types of organisations, in-house training ranged from 40% for co-operatives to just over 60% for trusts. In respect of particular sources of training, 80% of the responding co-operatives said they use NABCo training, while 30% of companies and 37% of trusts say they use the training provided by the ICSH. Some 10% of co-operatives also use the ICSH training.

Housing stock and operations

The respondents in total carry a housing stock of 13,849 units, which equates to marginally over 60% of the estimated voluntary and co-operative housing stock. Of these units, 8,054 (58%) have been funded under the CLSS scheme while 4,345 (31%) have been funded under the Capital Assistance Scheme (CAS). The remaining houses, numbering 1,450, have been funded under other schemes.

Of the total number of dwelling units, 6,556 (47%) are houses, 5,910 (43%) are apartments, while the balance, 1,383 units, are within what are described as non self-contained accommodation, being group homes or single units with shared facilities.

In the case of the CLSS funded dwellings, approximately two-thirds of the funding has been expended on houses, while the balance has been used for the development of apartments. On the other hand, some 55% of the CAS funding has been used for apartments, while the balance

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of the funding has been split almost equally between houses and accommodation within group homes or units with shared facilities.

The breakdown of the housing stock across the different types of bodies is as follows:

- Companies: 82% of dwellings
- Co-operatives: 7% of dwellings
- Trusts: 10% of dwellings

This is broadly in line with the breakdown of the respondents, though we note that trusts accounted for 6% of respondents, yet accounted for 10% of the housing.

In broad terms, companies receive some two thirds of their funding under the CLSS, and the balance under the CAS (though a small amount of "other" funding is evident). Co-operatives receive all their funding under the CLSS while trusts receive the bulk of their funding under the CAS.

In overall terms, 91% of the dwelling units provided by the respondents were occupied at the time of the questionnaire (late 2008 / early 2009). The best rate of occupancy was achieved by co-operatives, which reported a 98% occupancy level, while trusts and companies were broadly similar at 91% / 92%. We note that the occupancy levels for bodies other than co-operatives do not compare favourably with the average occupancy levels reported for local authority dwellings, which at the end of 2007 were shown to be 97.1%. Reasons provided for the lower occupancy levels were that funding from other sources for the provision of special care services had not been finalised.

In terms of the unit size, the predominant dwelling units in the approved housing body sector are 1/2 bedroom apartments (46% of stock) and 3/4 bedroom houses (33% of stock). Of the remaining, the 1/2 bedroom house accounts for 15% of the stock, and apartments of 3 bedrooms or more, or houses of 5 bedrooms and more do exist but represent a very small element of the total stock.

Indications from respondents are that many of the dwellings are part of housing schemes, and the average size of a housing scheme is 21.6 dwelling units.

According to the respondents, a majority of the housing schemes are provided with communal facilities. In the case of trusts and co-operatives, the percentage of schemes with communal facilities is of the order of 80%, while in the case of companies, it is of the order of 55%.

Tenant profile

In overall terms, 83% of the housing stock is currently accommodating family units. The occupancy by family units is 98% in the case of co-operatives and 72% and 74% in the case of companies and trusts respectively.

Some 91% of tenants have been in occupancy in their dwelling unit for in excess of one year. Subdividing this into the different legal structures, we note that no tenants of trusts have occupied their dwelling for less than one year, whereas some 28% of co-operative tenants have

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been in residence in their current dwelling for less than one year. In the case of companies, persons with a duration of one year or less account for 10% of their tenants.

As noted above, respondents say that 83% of the housing stock is currently accommodating family units. However, in response to more detailed questions on tenant profile, respondents say that 59% of the tenants are single people, while adults with children account for 36% of tenancies, while two or more adults without children account for 6% only. The tenant profile for single persons is broadly similar for all types of providers, ranging from 58% for companies to 66% for trusts. However, companies tend to provide relatively fewer dwellings for two adults without children. Co-operatives and trusts tend to place a greater emphasis on two or more adults without children.

Survey respondents say that 70% of the dwelling units provided by the voluntary and co-operative housing sector are currently occupied by households wherein no person is in paid employment. This includes both unemployed persons as well as retired persons.

Delivery on social housing needs

In overall terms, the voluntary and co-operative sector provided dwelling units for four beneficiary groups, these being persons with general needs; persons with disabilities; the elderly; and the homeless.

Some 58% of the housing units provided by the sector are made to persons with general needs. The balance of dwelling units is provided to people with particular needs, of which the elderly comprise 17%; persons with disabilities 11% and homeless persons 10%. The respondents provide a small number of units for specific groups such as ex-prisoners or victims of domestic violence; however, the four groups referred to above are the predominant recipients of housing from these providers.

In terms of the different type of provider, co-operatives provide dwellings for persons with general needs only; trusts provide dwellings for people with general needs, the elderly and the homeless, while companies provide dwellings for the four major groups referred to earlier. This implies that it is the voluntary bodies that are the only providers within the approved housing body sector that provide units for persons with disabilities.

Some 73% of tenants were taken from the local authority waiting list; this figure was 90% in the case of co-operatives, and just 50% in the case of trusts. There is no difference between initial lettings and re-lettings in the case of the source of tenants.

Capital funding

In respect of the use of the funding, voluntary bodies and trusts use CAS more frequently, at 70% and 75% respectively, and rely on CLSS and other sources of funding. In the case of co-operatives 80% have used CLSS while 40% have used CAS. No co-operative used any other funding source. Comparing this with the findings in respect of the housing stock previously, it appears that the CAS is the most frequently used form of funding, but that in terms of the dwelling units provided, the CLSS has been of greater significance. The respondents also use a number of other sources of funding including HSE Capital funding, Department of Social and Family Affairs funding; and Department of Justice funding. In terms of uses of the schemes, companies tend to use the CAS scheme to a greater extent than any other scheme; co-operatives

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use the CAS and CLSS, though their incidence of use of the CLSS is almost twice that of the CAS; while trusts tend to focus on use of the CAS and other sources of funding.

In terms of the adequacy of funding under the capital funding schemes, namely CAS and CLSS, the responses were mixed. We note that:

- There are views that a greater level of funding is required, while on the other hand there were views that the level of funding being provided was adequate.
- There were criticisms that the CAS scheme does not allow adequate funding for communal facilities.
- It was also stated that the CLSS scheme does not allow for a high quality specification to be used for new dwellings.
- Opinions were divided on the approval process administration, with some considering it unnecessarily cumbersome, while others commented that they received the funds efficiently and to the full amount requested.
- There were also opposing views in respect of the adequacy of the available funding to meet the cost of purchase and renovations.

In respect of ease of access to funding under the CAS and CLSS, opinions were divided, with those making positive comments identifying specific local authorities, including Mayo, Longford and Cork, where assistance and advice was forthcoming. By contrast, negative comments said that access to the schemes is cumbersome, overly bureaucratic, and that the chain of disbursement from the Department of the Environment through the local authority to the relevant voluntary and co-operative body was lengthy. Some suggestions were made that the voluntary and co-operative sector might have direct access to the Housing Finance Agency, bypassing the local authorities and the Department.

In broad terms, the views of the respondents appear to be based on the degree of cooperation and support they receive form the relevant local authority, rather than issues with the CAS and CLSS processes themselves.

Housing operations

In summary, the rents paid by tenants appear to be predominantly based on the local authority differential rent scheme.

The most common form of rent collection is direct debit, followed by "other schemes". The use of payment schemes, An Post or rent collectors is relatively infrequent, none of these forms of rent collection being used by more than 20% of the respondents.

60% of the respondents state that they use a combination of planned and reactive maintenance service to look after the dwelling units, while just 10% said they relied on reactive maintenance practices only. (As defined in the survey, planned maintenance is a process involving periodic inspection of dwellings and the drawing up of a list of work that needs to be done, such as painting, replacement of gutters etc. Reactive maintenance comprises totally of responses to calls for repair work on the part of tenants.) The use of combined planned and reactive maintenance services is relatively high in the case of co-operatives and trusts (at 90% and 75% respectively), while in the case of companies, planned maintenance is used by only 56% of

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respondents. Given that planned maintenance, based on 5 – 7 year annual inspections, is the preferred method of maintenance sued by local authorities, we have a concern that just over half of the predominant group amongst the respondent, namely companies, practice this type of maintenance approach.

No respondent said that tenants had full responsibility for repair and maintenance work to their dwellings, though many responded that tenants' responsibilities include:

- Wear and tear
- Repairs due to abuse and misuse of any part of the property
- Internal breakages and decoration
- Small repairs to internal fittings, and
- General upkeep of the living area.

While 90% of co-operatives and 86% of trusts stated that they inspect and repair a unit when the tenant vacates a property, only 65% of the respondents who are companies say that they carry out a similar inspection and repair when a property becomes vacant.

80% of co-operatives claim they provide a sinking fund for major repairs and maintenance, 50% of trusts do the same, however only 44% of companies say that they have a sinking fund in place.

8% of the respondents, all companies, say that they use third party management companies to look after the properties. 4% of the respondents, primarily companies, provide management services to other housing providers. Generally the organisations that provide management services to other housing providers are relatively substantial owners of dwelling stock, with the majority of such entities having more than 100 houses in their estate.

Co-operatives, which comprised a small proportion of the respondents, by and large have written procedures in place in respect of the majority of activities including house allocation; dealing with arrears; pre-tenancy agreements; evictions and handling of complaints. By way of contrast, with the exception of tenancy agreements, less than 50% of the companies or trusts that responded to the survey had written procedures in terms of their key activities including allocation of houses; handling of arrears; pre-tenancy agreements; anti-social behaviour; eviction; support services and dealing with complaints.

Membership of representative body

85% of respondents are members of a representative housing organisation, and this is made up of 75% being members of the ICSH and 9% being members of NABCo. Of the 19 organisations that were not members of a representative body, 17 were companies and 2 were trusts. One third of these 19 are relatively small entities, having a housing stock of less than 10 units.

The average length of membership of a representative housing organisation was 8.7 years.

Over 90% of the members indicated that they are either very satisfied or satisfied with the representative body, with the numbers who are indifferent or dissatisfied being evenly spread across the other categories.

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Voluntary and co-operative bodies are also members of a variety of other organisation including ICOS; the local Chamber of Commerce; IBEC and the Disability Federation of Ireland.

11% of the respondents, 14 organisations in total, are members of an international housing service provider group. 13 of these organisations are companies and one is a co-operative society. In total, these organisations provide 2,845 dwellings, or 20.5% of the voluntary and co-operative housing stock.

New housing development

In relation to current activities, 45% of respondents say that they are in the process or intention of acquiring or building new dwellings.

15 organisations actually have houses under construction at the moment; 13 are in the process of procurement of dwellings, while 14 have acquired dwellings and are about to allocate them.

Over half the respondents use the traditional method of providing dwellings, i.e. commissioning consultant architects and the engagement of a building contractor. This is expected to be the predominant means of supply of houses over the next 5 years. 13% of respondents have used Part 5 in the past five years, and use of Part 5 is expected to increase in future years, with 18% of respondents indicating an expectation that this form of acquisition will be used. 13% of respondents expect that they will use a design and build approach, whereby the developer provides a design service rather than the architect as under the traditional approach.

In overall terms, we find that some 70% of the dwellings provided by the sector are constructed with the balance either being acquired after completion or being leased from third parties.

In terms of future supply, 35 organisations claim that they are at the process of having a project or projects appraised by the local authority; 22 are at the planning stage, and 13 state they have initiated the procurement process.

In respect of the use of public procurement procedures, we find that in respect of the design team, external consultants such as quantity surveyors and the project management team, less than 30% of respondents use public procurement procedures for their engagement. We note that 54% of the organisations state that they use the traditional method of commissioning consultant and contractor for the provision of houses in the past, and in this context, the use of public procurement procedures is considered to be low. We note that for capital works contracts, some 48% of organisations use public procurement procedures, and again this appears to be lower than the number of capitals work contracts awarded.

Financial performance

Only half of the respondents provided financial information and consequently the financial analysis is based on those who provided information only rather than the total number of respondents.

Over the period 2007 and 2008, the average total expenditure on the part of those who responded to the questionnaire on this aspect, is just in excess of €2 million. However, this is an average figure and actual levels vary substantially across the range of bodies surveyed.

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Salaries and wages account for on average some 69% of total expenditure. Housing related expenditure accounted for 12% of expenditure, while administration and overhead costs comes to a further 9%. Miscellaneous expenditure accounts for 10% of total expenditure.

Commentary

Our views on the survey findings and potential implications are shown in Chapter 5. The detailed results of the survey are included as Appendix II.

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4. Current funding approach

4.1. Current schemes for capital funding

There are two capital funding schemes currently in operation under which Approved Housing Bodies (including voluntary housing associations, co-operatives and trusts) can apply for capital funding. Approved housing bodies must demonstrate to the relevant local authority that there is a need for the housing project proposed. The local authority itself should usually be in a position to determine the housing need and therefore approve the project. In certain circumstances the approved housing body may be in a position to assist the local authority in determining the housing need.

In general, an approved housing body project should impact positively on the local authority waiting list or those deemed eligible for the local authority waiting list. In addition to the local authority approving the need for a housing project, the approved housing body must also have obtained planning permission, full plans and costings proposed and proper title to the site.

As of June 2008, all new approved housing body projects have been subject to revised appraisal procedures. The appraisal method will depend on the size of the project. A full briefing of these new procedures was issued to approved housing body, but can be summarised as follows:

- Projects up to €5 million can be approved solely by the local authority, subject to confirmation of funding by DEHLG, if the proposed project is in line with the authority's strategic housing objectives and will meet an identified housing need;
- Projects with a capital value of €5 million to €20 million will be subject to local authority approval and also subject to Departmental approval on a phased basis; and
- Projects valued above €20 million, will involve consultation with the Department of the Environment and the National Development Finance Agency on the financial options for developing the project.

4.1.1. Capital Assistance Scheme (CAS)

First introduced in 1984, the Capital Assistance Scheme (CAS) has generally been used by approved housing bodies that provide accommodation in the form of one and two bedroom units/houses for those with specialist housing needs such as the elderly, people with disabilities or the homeless. It can also be used to fund general needs/family type housing, though this is relatively uncommon.

The Capital Assistance Scheme provides 95% funding towards the capital (building) costs of a project subject to maximum limits. As of 1st November 2007, approved housing bodies also

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have the option of receiving 100% funding towards the capital costs of a housing project. The capital funding is administered in the form of a mortgage loan. Repayments of the loan and interest payments are fully waived subject to compliance of the approved housing bodies with the terms and conditions of the scheme. For example the approved housing bodies must continue to house those in housing need as approved by the local authority.

Funding is provided by the Department of the Environment, Heritage and Local Government and drawn down through the local authority. The funding is sourced from the Exchequer. Funding through CAS can be used for new build, turn key, design and build and refurbishment and renovation.

The following are the limits effective from February 2006.

Category I: 1 or 2 person self-contained or non-self-contained dwellings

Ordinary	€110,000
Islands	€140,000
Urban	€150,000

Category II: Family type self contained dwelling for 3 persons or more

Ordinary	€135,000
Islands	€150,000
Urban	€170,000

The local authority areas designated as eligible for urban area funding are the four Dublin local authorities; Cork, Limerick, Waterford and Galway Cities, and the counties adjacent to Dublin County, namely Meath, Kildare and Wicklow.

Approved housing bodies allocate tenancies in consultation with the local authorities based on the following criteria:

- 75% of the tenancy allocations can be made to persons who are eligible for local authority housing.

- 25% of tenancy allocations are made at the discretion of the approved housing bodies. This can allow flexibility within a housing project in order to accommodate those persons who may not qualify for the local authority waiting list but would be in need of housing.

- Where housing associations avail of 100% CAS funding, 100% of nominations will come from the local authority waiting list.

In determining rents under this scheme, approved housing bodies should take into account the tenants' means and the cost of providing and maintaining the dwellings.

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At present, the maximum rent allowance €55 per week for tenants of a one-person unit and €60 for tenants of a two-person unit. The ICSH therefore recommends that approved housing bodies charge a rent of €68 per week for a one bed unit and €73 per week for a two bed unit.

Approved housing bodies rely on their rental income to manage and maintain the homes and facilities they provide. There is no grant scheme available to approved housing bodies for major refurbishments. As such it is the responsibility of the association to conduct a proper rent setting exercise (especially with regard to the CAS where there is no DoEHLG formula to apply).

4.1.2. Capital Loan and Subsidy Scheme (CLSS)

This capital funding scheme, which was introduced in 1991, has been used by approved housing bodies primarily for housing low income families who are eligible for social housing.

Like CAS, this scheme is also a mortgage loan where the capital repayments and interest charges are waived so long as the approved housing body complies with the terms of the scheme. It provides for 100% capital funding for a housing project and has mainly been used to house low income families. A management and maintenance allowance is paid to the approved housing bodies on a yearly basis under this scheme.

The following limits are effective from February 2006

The local authority areas designated as eligible for urban area funding are: Dublin City, Fingal, South Dublin, Dun Laoghaire / Rathdown, Cork City, Limerick City, Waterford City, Galway City, Meath, Kildare and Wicklow

Ordinary	€135,000
Islands	€150,000
Urban	€170,000

Under this funding scheme, 100% of the allocations are made to approved applicants for local authority housing. While no income limit will apply, all households must be eligible for local authority housing.

Rents paid by tenants are based on the income of the household. The rent structure is similar to the local authorities differential rent system. In addition to this income-related rent from the tenant, housing associations receive an annual management and maintenance allowance towards their costs as follows:

- **Ordinary Area:** €545 pa
- **Urban Area:** €724 pa

A key consideration from a financial perspective is the scale of the difference between the "local authority funding model" and the CLSS. On examination it appears that there is little difference.

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The similarities are that:

1 Both CLSS and local authority are 100% funded by the state,

2 Tenants for houses built under CLSS must come from the local authority housing list, hence both schemes are aimed at the same group, and

3 Tenants pay similar rents as these are based on the differential rent scheme.

The differences are that houses developed under CLSS are:

1 Funded by mortgages rather than capital grants, and

2 According to various persons consulted, voluntary and co-operative housing is seen as more socially acceptable in some circumstances.

However, these differences are not regarded as significant and consequently, from an overall national perspective, in the context of leasing dwellings being a more cost-effective approach; of the current policy of promoting leasing as the preferred funding method amongst local authorities; we see little merit in continuing with the CLSS.

4.1.3. Other funding available

A **Communal Facilities Grant** is available independently of the capital funding schemes at the rate of €7,500 per unit of accommodation provided. This is towards the capital costs of building or installing a communal centre or communal facility for the housing project. It is provided in the form of a non-repayable grant and is not part of the CAS or CLSS mortgage (although some local authorities do include it as such).

The Communal Facilities Grant is intended for the provision of facilities from which the tenants will derive primary benefit from. This can include a communal dining area, sitting and activity rooms, laundries and accommodation for treatment or therapy reasonably required to improve the occupants living conditions.

It is not intended for the duplication of services, thus a group home would not qualify for a communal kitchen or sitting room as the DoEHLG would consider that there was adequate funding available in the CAS.

There is a low-cost site scheme administered by local authorities for housing associations. This is subject to the availability of building land and in return for the housing association housing persons from the local authority waiting list. Further information on this scheme is available from local authorities.

Site funding is an additional form of funding to that available for building costs. It can be used for site acquisition, demolition, clearance costs, archaeological surveys, water, sewage, special foundations, conveyancing costs and boundaries. The level of site funding available is the same regardless of unit size. The limits are as follows:

- **Ordinary & Islands:** €40,000
- **Urban Area**: €50,000

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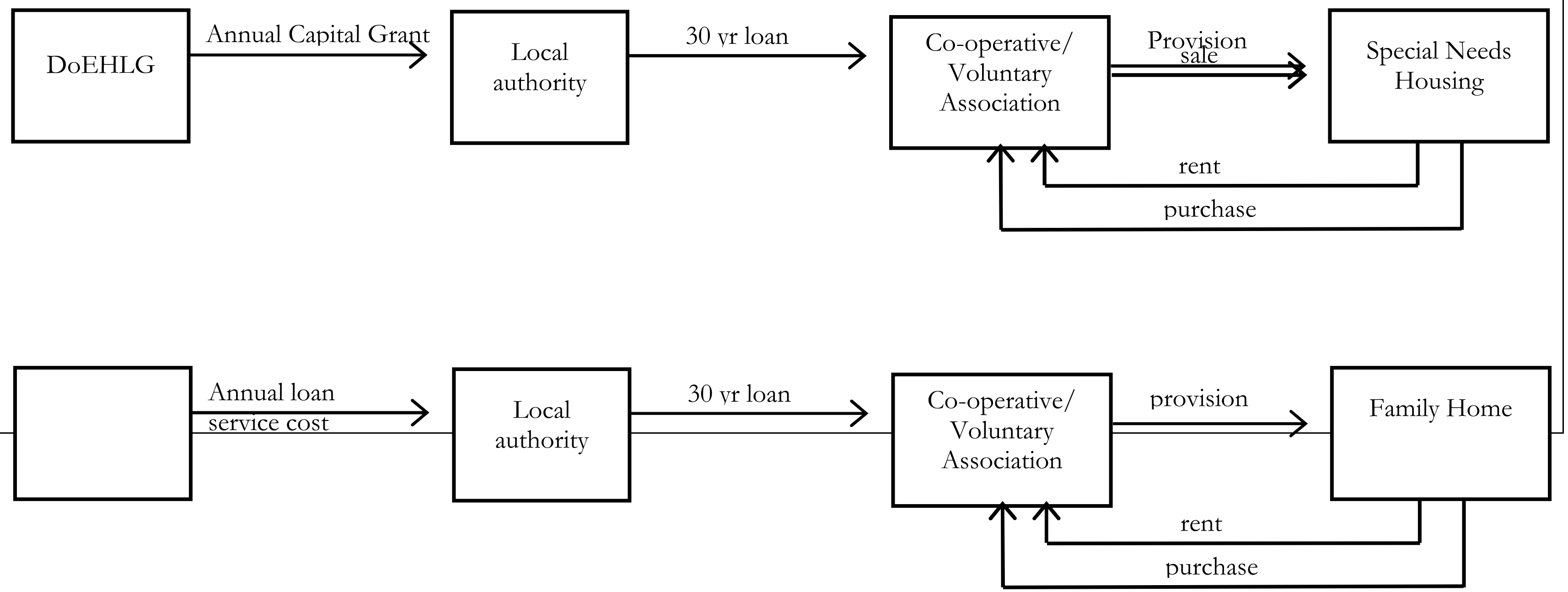
Figure 4.1: CLSS, CAS Structure: Schematic Summary



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4.2. A comparison of mortgage and capital funding

4.2.1. Definitions and assumptions

The purpose of this section is to compare the options of funding social housing through (a) capital funding, (b) mortgage funding or (c) leasing. Capital funding is the funding process by which the cost of building a new voluntary or co-operative housing unit is funded by way of capital grants provided ultimately by The Department of the Environment, Heritage and Local Government.

For the purpose of this discussion, we recognise two potential forms of mortgage funding. The first is an approach whereby the Department, instead of providing capital funding, would arrange to fund housing units by way of loans secured from the Housing Finance Agency and the Department would then repay the loan on a monthly or quarterly basis. In this case, loans would be secured by a mortgage on the relevant properties. The second approach is one whereby the occupant of the dwelling unit would, instead of paying a rent, arrange a mortgage with a financial institution, pay a proportion himself or herself and receive support by way of a mortgage subsidy or allowance as a form of welfare payment that would ultimately by provided by the Department. In the following analysis we consider a loan for 100%of the acquisition price of the dwelling, and assume that the Department is responsible for all loan repayments.

The following analysis is an illustrative comparative analysis, and to do so we make several assumptions that are common to each of the three scenarios described. The assumptions we use are as follows:

1 The average cost per dwelling unit provided is €250,000, including site cost.

2 The average rental paid by tenants is €2,400 per dwelling unit per annum. This is not a market rent, but is the amount paid under the differential rent scheme, and is marginally above the actual rental income (€2,363) per local authority dwelling in 2007 as shown in the housing statistics issued by the Department. Actual rental income per dwelling varies across the local authority dwelling unit stock.

3 We assume annual maintenance costs of €2,800 per dwelling. This is an estimate based on most recent local authority data available. This assumes that the dwellings to be provided will be built to the current building standards and building regulations and also assumes some degree of tenant responsibility for the maintenance of the dwellings. We also provide for occasional, more significant expenditure, such as re-painting and other infrequent, though relatively major maintenance expenditure.

4 It is assumed that all transactions take place evenly across each individual year. We appreciate that the flow of capital funding is not consent throughout the year, though we understand that the annual patterns are reasonably consistent. On this basis, we consider this assumption to the reasonable.

5 This analysis is a financial analysis, not an economic analysis. This means that certain economic considerations such as the opportunity costs of the capital funding and not taking into account our analysis. However, we do consider certain economic and social factors in our discussion of the various options.

6 We do not take account of VAT or other fiscal inflows such as income taxes paid by persons employed on the construction of dwellings to the Exchequer. Such fiscal inflows should occur

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primarily during the construction phase and thus make little difference between the alternatives being reviewed.

4.2.2. Capital grant funding

Scenario number 1 is the expenditure of a capital sum of €250,000 to provide a dwelling. Under this approach, in effect, the State provides the money by way of grant to voluntary and co-operative housing bodies to build dwelling units.

The annual inflows/outflows are projected as follows:

Year	1	2 to 29	30
Capital Expenditure	€250,000	nil	€60,000
Rent received per annum		€2,400	€2,400
Maintenance expenditure p.a.		€2,800	€2,800
Periodic Maintenance -total		€30,000	
Residual Value			€333,626

The expenditures and incomes are shown at 2009 prices and no adjustment for inflation has been provided. The capital expenditure of €60,000 in year 30 is a provision for an extensive refurbishment of the dwelling at that time.

The Net Present Value (NPV) of the cost of this option, taking a discount rate of 4% - the current rate recommended by the Department of Finance for evaluation purposes – and taking a period of 30 years, is €180,315. At the end of this 30 year period, the State would possess a dwelling unit that is modernised/refurbished and available for occupation on the part of a prospective tenant, though the value of this asset is included in the NPV calculation.

If a 40 year time span were chosen, and assuming the same rental income and maintenance expenditure for this additional ten years, the Net Present Value of the cost would increase to €207,418.

Non-financial considerations in respect in this method of funding are, in our view, as follows:

1 the role of the Department is that of a provider of funding, and where funding is limited or scarce, the Department acts as a decider on which projects will be funded and which shall not be. This does not infer that the Department has no other role – such as policy determination – but merely from this discussion pointy of view, the key role would be a provider of funding.

2 ultimately the Department bears responsibility for ensuring that the funds provided are in fact used for the purposes intended i.e. the construction of dwelling units for persons in need. This implies a need for appropriate forms of governance.

3 under the capital funding approach, ownership of the dwelling is vested in the voluntary or co-operative housing body responsible for its construction, though the Department retains a mortgage on the dwelling unit for the period of the loan. While this does not confer ownership

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rights on the Department, it should limit or restrict the freedom of the relevant voluntary or co-operative housing body with regard to the use and/or disposal of the dwelling unit.

Key considerations in respect of this approach may be summarised as follows:

1 The approach illustrated is the traditional capital funding approach which has been used by many countries in respect of social housing for many years. It provides that the State should provide dwelling units to provide accommodation to person with a wide range of needs and thus to address a social housing requirement. However, as will; be discussed later, other countries have adopted different funding models in more recent years.

2 A concern expressed by some consulted during this review in respect of the capital funding approach is that the dwellings provided may be labelled as either "council housing" or "social housing". This can have the effect of identifying the occupiers as recipients of social services and, to some extent, devaluing the property.

3 However, this approach does permit the State to dispose of properties at some future date without incurring any additional costs such as those associated with outstanding mortgages

4 An implication of the capital funding approach is that it also includes a commitment on the part of the State to maintain the house, including possibly regular or periodically refurbishment, and thus effectively it contains a degree of commitment towards a future current expenditure. It is noted that under the latest data available from The Department of the Environment, Heritage and Local Government that local authority management and maintenance expenditure has continually exceeded local authority rental receipts and thus it can be said with a good degree of certainty that the development of new dwelling units through the capital funding approach will likely mean additional operating costs on the part of the State.

4.2.3. Capital grant funding - variation 1

For the purpose of comparison, we illustrate the impact of the application of a Tenant Purchase Scheme acquisition of the property by the tenant. If a person has been a tenant of a local authority house for at least one year, he/she may apply to the local authority from which the house is rented to purchase it either outright or by way of shared ownership. The price of the house will be its market value, as determined by the local authority, in its existing state of repair and condition, less discounts. The tenant will be allowed a discount of 3% of the value of the house for each year of tenancy (up to a maximum of 10 years or 30% of the market value). The tenant may submit an independent valuer's report if they feel the proposed market price is incorrect. In case of dispute, the issue is decided by the Commissioner of Valuation.

For the purpose of this evaluation, we assume that the growth in the market value of the property is 1% higher than the rate of inflation.

The annual inflows/outflows are projected as follows:

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Year	1	2 to 11	12
Capital Expenditure	€250,000	nil	nil
Sale Price			€199,092
Rent received per annum	nil	€2,400	nil
Maintenance expenditure p.a.	nil	€2,800	nil
Periodic Maintenance - total		€10,000	

The Net Present Value of this option, taking a discount rate of 4%, is €126,776. For this, the State will have provided a dwelling for 12 years, and will not possess the dwelling once the purchase is completed.

4.2.4. Capital grant funding - variation 2

For the purpose of comparison, we illustrate the impact of a tenant purchase after a period of 20 years. The assumptions are similar to those in variation 1.

In this case, the annual inflows/outflows are projected as follows:

Year	1	2 to 20	21
Capital Expenditure	€250,000	nil	nil
Sale Price			€217,343
Rent received per annum	nil	€2,400	nil
Maintenance expenditure p.a.	nil	€2,800	nil
Periodic Maintenance - total		€20,000	

The Net Present Value of this option, taking a discount rate of 4%, is €145,007. For this, the State will have provided a dwelling for twenty years, and will not possess the dwelling once the purchase is completed.

4.2.5. Summary of capital grant funding approaches

Option	Net Present Value of cost to State
No sale; 30 year timescale	€180,315
Sale after 10 years	€126,776
Sale after 20 years	€145,007

This shows that under the assumptions made, that the policy of tenant purchase is, from an NPV perspective, the more cost effective option. However, the comparison between the options varies as the market value changes. For example, if the annual increase in market value were to be 2.5%, then the "no sale" option would be the preferred option. A second consideration is the differential between replacement cost and market value. Where replacement costs associated with building new

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dwellings are lower than the yield from selling an existing dwelling, then the tenant sale option may be financially attractive.

In summary, the continuance of the tenant sale option merits consideration as under certain circumstances, it can be more costly to the State as a whole. In particular, the foregoing analysis assumes that a dwelling can be sold, and does not take into consideration the need for a replacement dwelling for social housing purposes.

4.2.6. Mortgage finance – State borrowings

In assessing the comparative or providing mortgage finance, a key question is how the mortgage will be in fact funded. In our view, two considerations may be put forward:

1 The State borrows the funding from a third party and repays the mortgage over, say, a 30 year period; or

2 The person for whom the dwelling is being provided arranges a mortgage, if necessary with the assistance of the local authority or the voluntary or co-operative housing body, and the Department thereafter provides assistance to the individual, who in turn funds the mortgage repayments.

In short, the key question in relation to a mortgage payment is whether it is seen as borrowing on the part of the State or whether the payment by the State is seen as some form of social payment to the purcahser of the dwelling.

From a financial perspective in evaluating the mortgage option, there is no difference between these two approaches.

Other than replacing the capital expenditure of €250,000 with a 30 year mortgage arrangement, the assumptions in this case are similar to those in the previous analysis.

The Net Present Values of the options are shown in the table following and it can be seen that

Option	Net Present Value of cost to State
No sale; 30 year timescale	€146,996
Sale after 10 years	€101,507
Sale after 20 years	€131,996

As previously, this shows that under the assumptions made, that the policy of tenant purchase is, from an NPV perspective, the more cost effective option. However, the comparison between the options varies as the market value and interest rates change. As stated earlier, the continuance of the tenant sale option merits consideration as under certain circumstances, it can be more costly to the State as a whole.

4.2.7. Mortgage finance – State borrowings

Collating the outcomes from the analysis above, the comparison between the mortgage and capital funding options are as shown in the following table.

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Option	Net Present Value of cost to State under mortgage	Net Present Value of cost to State under capital expenditure
No sale; 30 year timescale	€146,996	€180,315
Sale after 10 years	€101,507	€126,776
Sale after 20 years	€131,996	€145,007

These show that under the various alternatives, the mortgage option is more cost effective.

4.2.8. Leasing by the State

The leasing option is one that has been raised in recent past and our analysis of this option is based on the same assumptions that have been used previously, such as the initial cost of the dwelling; the annual increase in market value and maintenance cost amounts. In this case however, we assume that the tenant/State will be responsible for day-to-day maintenance and the owner will take responsibility for the periodic maintenance and refurbishment.

We have assumed a lease cost of €7,700 per annum, equivalent to €642 per month, as the lease payment. Assuming the owner takes a 30 year mortgage for the cost of the dwelling, and assuming that the loan is for 100% of the costs of the dwelling, this lease payment will provide the owner with a return on his/her investment of 4.0% in real terms.

As shown in the table below, using the same NPV analysis, this option is a slightly more cost effective approach than the mortgage option, which in turn was superior to the capital funding option.

Option	Net Present Value of cost to State under mortgage	Net Present Value of cost to State under capital expenditure	Net Present Value of cost to State under lease option
No sale; 30 year timescale	€146,996	€180,315	€139,681
Sale after 10 years	€101,507	€126,776	n/a
Sale after 20 years	€131,996	€145,007	n/a

We do not show a tenant purchase option in the case of leasing, as such an option is not likely to be available, unless the owner were to be a willing seller.

We also wish to caution against using this analysis to deuce that tenant purchase options are preferable to the “no sale” option. This analysis sets out to compare the alternative funding options; namely capital spend; mortgage or lease. The analysis looks at single dwelling options only. It assumes that a dwelling sold does not replacement. If a dwelling that is disposed of needs replacement in the social housing stock, then this analysis cannot be applied to that situation.

4.2.9. Other Considerations

There are other benefits also which in our view deserve consideration:

1 by providing supplementary or welfare payments to an individual, it should be possible for the individual to seek a dwelling unit from builders or developers, and thus, the dwelling unit that

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he or she acquires would not be labelled as a council house or such like. In effect, the assistance has been given to the person who needs the assistance, and not to build a State-owned house. In our view, this should give the potential buyer greater flexibility in acquiring a residence and should lead to improved social integration.

2 In the event that the State decides that it does not want own the property in perpetuity but is prepared to consider disposing of the property then it may be possible under certain circumstances that the State could dispose of the property and that the total cost of that particular property to the State may be less than if capital funding were provided. For example this could arise if after 6 to 8 years of repayments, the owner has achieved a position that he or she no longer requires a State subsidy and instead would be capable of repaying the mortgage in its entirety, then under such circumstances the net cost to the State would be less if it simply ceased the mortgage to be owned unencumbered from the States perspective.

3 The State could protect its interest in the property by arranging for a second mortgage on the property, and thus prevent the occupier from taking ownership of the property and disposing of it soon after taking occupancy.

4 It would be envisaged that the registered owner of the property would be the occupier whether an individual person or a family unit

4.3. Socio-economic advantages and disadvantages

Socio-economic advantages of transferring houses to private ownership are:

- this removes the ongoing cost of management and maintenance (this is the rationale for the UK Right-to-Purchase Scheme, see Attachment);
- it contributes to sustainable communities and self-reliance.

Disadvantages are:

- depending on the terms under which homes are transferred, they may involve very large capital subsidies to tenants who may have already been receiving a de facto rental subsidy. The current schemes provide for a discount of up to 30% on market value, plus a grant of €3,810;
- the corollary of this is that the State needs to keep re-investing in homes rather than investing in them on a one-off basis, and then use them as a permanently available resource;
- unless the criteria for transferring are very clear, then there is an absence of transparency regarding who is ultimately benefiting, and to what extent.

4.4. Overview

The development of social housing in Ireland is being made through a number of ways, mainly through programmes funded directly by the Exchequer, through the Part V mechanism, through long term leasing arrangements and through the use of public private partnerships. The CAS and the CLSS funding streams have been described earlier in this chapter. Capital funding is provided through programmes funded by the Exchequer, and the capital programmes provide for the

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construction of new Social housing, and also for the acquisition of housing under the Part V mechanism. These programmes depend on the continued availability of capital funding and its provision by the Exchequer.

The Part V mechanism is dependent not only on the availability of funding, but also on the availability of Part V dwellings, which in turn is dependent on new developments being initiated by private sector developers. In the current environment, the level of private sector developer led housing has reduced to very low levels, and there are industry forecasts that private developer led housing starts will be at a very low level for the immediate future. At present, publicly stated estimates are that there are of the order of 40,000 newly constructed dwellings "hanging over" the market. Privately, some in the industry suggest that the market overhang is currently of the order of 60,000 – 70,000 units, and some estimates suggest that the surplus of houses hanging over the market could be closer 100,000 units. At current demographic demand levels, this equates to some 2 – 2 ½ years' supply of housing, assuming normal mortgage lending availability. In the current economic climate, and the limited availability of mortgage finance, the current excess supply hanging over the market could take three years or more to clear.

These market conditions have emerged at a time when there is an increased need for social housing. Consequently it appears that a situation is emerging where, on the one hand, an increased need has emerged at a time that a potential source of supply, i.e. the Part V mechanism, appears likely to provide fewer dwellings for Social housing in the immediate future.

4.5. PPPs

The current market conditions act against the model of private finance, or public private partnership arrangement that has been used in Ireland to date. Public private partnerships are identified in the Government's housing policy statement, Delivering Homes, Sustaining Communities, as a positive means of supporting sustainable communities through encouraging social, income and tenure mix in an economically efficient way. To date, those local authorities that have used this model employ a form of partnership to develop housing projects wherein the housing authority uses its existing land holdings to leverage private finance. Basically, the private sector developer provides the relevant housing authority with an agreed number of social and/or affordable housing units as well as funding the overall development from the sale of private housing units.

The Minister of State at the Department of the Environment, Heritage and Local Government, with responsibility for Housing, Deputy Michael Finneran, stated in the Seanad during 2008 that "it is clear that we will still need private finance, in whatever form this takes, if we are to achieve our objective of building sustainable, mixed communities."

In our view, there has been a significant difference between PPP's as used in the housing sector in Ireland to date, and other sectors where this type of private finance structure is common, such as transport, education, civic buildings and justice. A common feature to all models is that the private sector partner takes responsibility for the design and the construction of the asset. In the non-housing sectors, the private partner also takes on the responsibility for the risk associated with that asset over its 25 – 30 year life. This includes the long term maintenance and renewal of the asset, both the interior and the exterior fabric of a building, or, for example the surface quality of the road. It has proven difficult in the past for the State to ensure that there are sufficient funds on an annual basis to ensure the upkeep of roads and buildings; therefore a core benefit of PPP is that the private partner has the responsibility to ensure that renewal and upgrading work takes place for an agreed price from day 1.

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The PPP social housing projects that did not proceed and that were the subject of debate in the recent past did not follow the typical PPP format. In effect, the private partner was provided access to land on which it planned to construct private residential units. The revenues from the sale of those private units would then be used to fund the construction of social & affordable housing. The risk assumed by the private partner was that the level of revenue it would receive from the sale of the private residential units would be sufficient to fund the construction of the social & affordable units. Compared to other PPP structures, the private partner was assuming the design and the construction risk, but, significantly in our view, the private partner did not have the longer term responsibility for the maintenance, repair and upkeep of the dwellings constructed. The model used to date requires that on completion, the social housing units are handed over to the public sector, who therefrom assumes responsibility for letting, maintenance and upkeep of the dwellings. The buyers of the private sector dwellings also assume long term responsibility for their own homes. From the point of view of financing, the private sector partner took no interest in the income to be derived from the dwelling units, and did not retain any long term risk in respect of those units. Consequently there was no long term financing involved. The financing required was relatively short term project finance.

A key question is whether, or indeed the extent to which, the current model could be restructured to allow certain PPP projects to still go ahead and to deliver the social housing component. The key cause of the failure of recent projects has been the downturn in the market, and the reduced demand for dwelling units. Consequently there was a significant increase in the risk being assumed by the developers, who were facing the possibility that the newly built private sector apartments would remain unsold for a lengthy period, and consequently the flow of revenues form the sale of these units would not materialise. It may be that a re-scaling of some projects or some shift in the phasing of the development, or possibly an upfront injection of public funds which could be repaid from later property development gains might have provided a basis for developments to go ahead.

However, there is a risk that property development gains will not be achievable at the same level in future as they may have been in recent years. It is possible that the revenues to be generated by the private sector dwelling units may not be sufficient to cover the agreed number of public, social and affordable housing units. In these cases, it may require a change in the overall mix of private sector versus social and affordable housing in order for the project to go ahead, or as has occurred in some infrastructure PPP's, that in addition to the land, the Housing Authority may provide a contribution towards the construction cost of the social and affordable units.

Short of a restructuring of the traditional PPP model along the lines discussed previously, it might be considered that the only alternative for accessing private finance is through the very basic structure of leasing dwelling units form private sector developers and/or owners at market rents. In essence, housing authorities could in time transform from being funders and developers of housing stock, and instead become managers of portfolios of rented or leased properties.

This form of access to private finance would allow the goals of social and income integration to be maintained, however, it would be more difficult for the local authority to dispose of properties to the occupants in a manner similar to existing tenant purchase schemes.

In the case of voluntary and co-operative housing, access of this nature to private finance would entail either the payment of rent by the Housing Authority to the owner of the property or provision of an income stream to the relevant voluntary or co-operative body to enable that body to rent the property form the private sector owner.

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There is however an alternative model that may merit consideration and which is discussed in more detail in Chapter 6.

4.6. The Dutch experience

Prior to the 1990's, Dutch housing policy was characterised by a significant level of control on the part of central government which managed social housing investment through a combination of regulation and extensive subsidy programmes. Much of the social housing investment was channelled through housing association sector, and at the start of the current decade, some 99% of the not-for-profit housing stock, or 36% of the Dutch national housing stock, was managed by housing associations. In general, housing associations are private, not for profit institutions that have to fulfil public and social obligations, in particular by providing affordable housing for low income households.

Up to 1995, long term government loans and subsidies were the predominant means of funding the development of social housing in Holland. The period from 1995 onwards saw a withdrawal by the government from the provision of subsidies and assistance to the housing associations, and instead brought around a situation where the housing associations had to access private capital markets, including the development of private sector dwellings, in order to fund their capital expenditure, while at the same time the occupants of the dwellings were provided with increased rental subsidies that enabled the housing associations to effectively generate meaningful rental incomes. The situation was achieved whereby in 2002, housing associations were in a very strong financial position, though thy ewer in receipt of no property subsidies from the State. There were a number of key factors in the achievement of this, namely:

1 Prior to the withdrawal of the capital and development subsidies, the national government set about providing increased rent subsidies to occupants so that those renting social housing were in receipt of subsidies that enabled them to pay market rents;

2 The moderate interest rate regime that existed in Holland from 1995 onwards allowed the various housing bodies and associations to access the capital markets at reasonable funding costs;

3 Many of the housing associations had relatively strong balance sheets because the market value of the houses owned by them was substantially greater than the original construction costs. In addition, the housing associations were obtaining increased rents from properties on which they had no borrowings, given that these houses were originally built with State assistance;

4 The flow of enhanced rental income from existing properties was then used to provide a basis for the repayment of mortgage loans which could then be used to fund new house development;

5 In addition to the development of social housing, such housing associations were also allowed to become active in the more lucrative development of more expensive private sector rental and owner occupied dwellings. In effect, many of these associations became private sector property developers, and used the revenues from those developments to fund their social housing obligations;

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6 The housing associations also took the opportunity to sell existing dwellings, often at good capital appreciation levels, and use the additional funds to find new development;

7 Many households that were receiving housing rent allowances to cover part of their rental income were taken into the cohort of people whose dwellings were provided by housing associations;

8 The withdrawal of government subsidies and financial assistance led to a consolidation within the sector, and many housing associations merged, and a number of active associations fell by the order of 25% in the period from 1990 to 2000.

However, it must be stated that the Dutch experience, while deemed successful in many ways, is not without its issues.

Not all the housing associations have achieved a strong financial position, though the scale of the problem is regarded as relatively modest. Studies of the sector in the early part of the current decade suggest that some 4% - 5% of the approximately 700 housing associations in Holland have some degree of financial difficulty, while a small number, possibly of the order of 1%, are considered to be in severe financial difficulty. However, in the overall scale of the level of activity within that country, such levels of financial distress appear quite moderate. The key issue within the sector appears to be the emergence of financially strong housing associations, often referred to as the "rich" associations, and those referred to as the "poor" associations. The key issue within the housing association sector is the need for, as well as the means by which, redistribution of financial strength can be carried out effectively. Several factors evidently contribute to the performance of individual associations, including local market conditions, location of dwelling units, scale of demand, and other market conditions. However, financial and operational performance can also be affected by the quality of the management of the individual associations. While contributions or adjustments between associations to help counter variable local market conditions can be readily accepted, frequently the successful associations question why they should be asked to subsidise other associations that may appear to be less professionally run.

A concern that some have with the Dutch model is where the responsibility for determining social housing policy rests. Overly prescriptive policy in respect of the provision of social housing; the design of social housing; the location of social housing units and other such matters has traditionally rested with central government and/or local government. The Dutch model of independence and decentralisation has left a significant degree of the responsibility for determining local housing needs with the housing associations themselves, and allowing the housing associations the freedom and independence to determine how best to achieve social, economic and tenant integration. To date it appears that there has been no significant divergence between the policies adopted by the housing associations and those desired by the government. It appears that a spirit of cooperation, continual communication, mutual respect for professional views, and a greater spirit of cooperation has achieved the government's aims without the need for tight control and regulation.

In respect of the application of the concept that has been achieved in Holland to the Irish situation, it appears to us that consideration could be given to the adaptation of the rental accommodation scheme to bring about a situation where voluntary and co-operative housing bodies could be encouraged to tap into the capital markets for funding, rather than relying on capital grants from the Department of the Environment, Heritage and Local Government. Under RAS, it was intended that landlords and property owners could be offered a range of contract options, under which

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private rented accommodation could be secured for the scheme. Rather than simply providing money to private sector landlords, which would cover both their mortgage repayments and provide for the maintenance of the dwelling units, it may be possible that RAS applied to existing units operated and maintained by housing associations could provide a funding source that would enable those housing associations to access capital markets on the basis of having an existing stream of revenue that would fund the long term loans.

The Dutch model also appears to offer certain advantages and risk sharing that is not possible with the model of PPP used in social housing in Ireland in the past. As noted previously, models of social housing under PPP's effectively depended on short term financial plays, whereby the profit from the development of a certain number of private sector dwelling units would be used to fund the construction of social and affordable units, while leaving the developer with sufficient reward to encourage them to participate in the scheme in the first place. The failure of PPP's in recent years can be attributed, at least in part, to the decline in the market, and the likelihood that the developer would have to wait some time in order to sell the private sector units, and thus recoup their costs. The Dutch model, by contrast, could if designed correctly, provide an ongoing source of revenue that could fund borrowings from the capital markets in the immediate future, and not be dependent on the private sector housing market uplift.

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5. Issues facing the sector

Profile of the voluntary and co-operative housing sector

There are 728 approved voluntary and co-operative housing associations in Ireland as of December 2008. A survey was circulated to all the housing bodies, of which 128 provided responses. This provided a return rate of 18%, though the respondents represent approximately 54% of the total voluntary and co-operative housing stock in the State. Of the membership of the two voluntary and co-operative housing representative bodies (The Irish Council for Social Housing and National Association of Building Co-operatives) the response rate was some 35%.

An issue in respect of the approved bodies is that it is not possible to determine from the survey what bodies, or how many, were either:

a established and approved but never carried out any housing provision project;

b did carry out housing project or projects, but have over time wound down and become inactive; or

c did carry out housing projects and are active, but did not respond to the questionnaire.

In essence, it is not possible to define from the survey the precise status of all the voluntary and co-operative bodies that have been approved and the housing stock in their ownership; consequently, we recommend that local authorities should be required to carry out a condition survey of the dwellings of all approved housing bodies within their respective areas.

As noted previously, an ICSH survey of 2008 suggests that the scale of any potential issues appears to be modest, but nonetheless meriting attention.

The Department of the Environment, Heritage and Local Government has comprehensive records of all 728 approved bodies and the funding provided to them (where funding has actually been drawn down). It is a possibility that some of the approved bodies that never drew down funding are no longer active.

To regularise the status of bodies in the voluntary and co-operative sector, we recommend that:

- **Approved bodies that have never received funding should have their approved status reviewed and withdrawn if appropriate, such as if the approved body never was, or is no longer active.**
- **Local authorities be required to carry out a condition survey of dwellings developed by approved bodies, initially involving dwellings that were built over five years ago, and during this review, verify that sound governance procedures are in place and are being operated.**

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Industry fragmentation

The voluntary and co-operative housing sector in Ireland is a very fragmented sector with 728 approved voluntary and co-operative housing associations providing some 22,000 dwelling units to persons of need. The 128 respondents to the survey provide some 12,500 units, implying that the remaining bodies, some 600, provide fewer than 10,000 dwelling units in total. Given the complex nature of providing, operating and maintaining dwelling units for social housing purposes, it must be questioned as to whether a sector that is so fragmented can operate effectively and efficiently at all levels.

To a significant extent, the sector has relied in the past on sites that were previously in public ownership though this has not always been the case, particularly with larger organisations. The proliferation of voluntary and co-operative bodies has reportedly on occasion led to strong competition between bodies with the effect of pushing up prices, particularly for specific sites, to the movement as a whole.

We recommend that greater co-operation between bodies in the sector should be fostered to:

- **Share scarce skills,**
- **Seek operating costs efficiencies, and**
- **Provide for greater economy of effort.**

Such a form of cooperation is in place in Limerick at present and provides a model that in our view could be extended across the country. The representative bodies could play an important role in this.

Along with these greater levels of cooperation and skill sharing between the associations and organisations in the sector, we recommend that the Department should facilitate any proposed mergers of voluntary and co-operative bodies to the fullest extent possible.

Cost escalation as a result of competition between associations in the sector is not beneficial to the bodies themselves, the State or the movement as a whole. However, it is difficult to see how such competition can be avoided in all cases. Co-operation with local authorities in the planning of housing activities as recommended later could aid in reducing such competition.

Governance

While the governance of the organisations that responded to the survey appears for the most part to be quite satisfactory, there are some potential weaknesses, both at the voluntary and co-operative organisational level. However, based on our discussions with bodies in the sector, we conclude there is scope for supervision on the part of local authorities over the sector to be improved.

We recommend that in future, all applications for funding should be accompanied by evidence of sound governance or alternatively, a body may seek an annual form of approval from the relevant local authority. The information for this form of clearance should, as a minimum, include:

- **a copy of the audited accounts,**
- **a copy of the annual return (B1) made to the Companies Registration Office**
- **a statement of the number of dwellings held or under development**
- **a statement regarding frequencies of Board/Trustee meetings, and**

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- **an Annual Report, if prepared.**

Consideration should be given to this oversight role being provided by the recently announced Housing Services Support Agency which is intended to consolidate and streamline the services provided by a range of existing agencies. A single oversight body should ensure consistency in the application of the oversight function.

Funding

The sector has relied to a very substantial extent on State funding in the past, and in the current economic climate, it is unlikely that the State will have the requisite levels of funding to meet the ambitions of the sector.

In a future environment, where reliance on sources of funding other than State provision is likely to occur, we question whether the skill base exists within the range of existing bodies to operate in an environment that has a reduced, or possibly significantly reduced dependency on State funding.

We recommend that voluntary bodies should access a wider range of funding options to support the housing related activities. A range of potential options are discussed in Chapter 6.

Housing planning

In terms of housing planning, the voluntary and co-operative sector is not integrated in the national strategic planning process to the extent it could be, particularly in planning at the local authority level.

We recommend that the voluntary and co-operative bodies should be engaged in local authority housing strategy and planning process given their role as potential delivery agents, particularly in respect of special needs housing. This would include greater involvement in the drafting of City/County housing strategies and annual housing action plans.

Cost effectiveness

In operational terms, there was a consistent view expressed to the consultants that the voluntary and co-operative sectors are marginally more cost effective than local authorities in the management and operation of housing. This comes from many factors such as voluntary and co-operative bodies generally requiring a higher level of maintenance on the part of the tenant; and the voluntary and co-operative bodies also being capable of taking a firmer line such as with tenants who may act in a socially irresponsible manner from time to time.

In particular, the value of the inputs on the part of the people working in the voluntary and co-operative sector cannot be under-estimated.

Given that planned maintenance, based on 5 – 7 year annual inspections, is the preferred method of maintenance used by local authorities, we however, have a concern that just over half of the

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predominant group amongst the respondent, namely companies, practice this type of maintenance approach.

Tenant purchase

The issue of tenant purchase among the voluntary and co-operative sector has been raised, and in general, the view is that both current legal structures and the wishes of the voluntary and co-operative sector do not favour the tenant purchase options.

Future role of the voluntary and co-operative housing sector

Our views in respect of the future role of the voluntary and co-operative housing bodies are as follows:

1 From the perspective of providing housing, it is difficult to distinguish housing provided under the CLSS from housing provided by local authorities. The CLSS is 100% funded by the State; it provides accommodation to persons already on the local authority housing lists and is subject to other restrictions such as the payment by the tenant of a rent calculated under the differential rent scheme. The advantages of housing provided under the CLSS as provided to us in our consultation are that:

   a Such developments carry less social stigma than local authority developments;

   b Voluntary and co-operative housing bodies exercise better management of tenants and houses than local authorities; and

   c The voluntary and co-operative sector can provide marginally more cost effective housing solutions.

   Nonetheless, from a funding perspective, we conclude that the CLSS offers no perceived advantage over the current local authority funding system, and its continued operation should be reviewed.

2 The provision of housing for persons with special needs and sheltered housing for older people is an integral part of the services provided by a number of voluntary bodies. As noted previously, of those voluntary bodies who responded to the survey, the average employment was 72 persons, primarily in the area of care to persons. The provision of accommodation is, in many cases, an integral part of the overall service, and in our view there is a very strong potential role for housing bodies in this area.

3 In a role as providers of on-site support and care, this is also a role that the voluntary and co-operative associations can fulfil very strongly.

4 Our consultations suggest to us that the voluntary bodies who responded to the survey, and which are generally the larger voluntary bodies, have a very strong interaction with other care providers, particularly the HSE, and have a reasonably clear mission and role that they fulfil.

5 There is a widespread understanding that the funding of the care support element of services will either be supported by the State through payments under various health schemes; social

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welfare schemes; or other social assistance schemes. There is also a widely held perception that the funding of the accommodation needs is separate from the funding of the care support element. There is a view that the housing policy should encompass all persons in need of housing and thus the funding of the housing element would fall within the remit of the Department of the Environment, Heritage & Local Government.

6 The view within the sector is that the role of the voluntary and co-operative sector in respect of affordable housing and shared ownership schemes is very limited.

We conclude that based on the evidence to date, voluntary and co-operative associations have demonstrated that they can provide housing in a manner similar to the housing authorities in Ireland. However, some of the voluntary and co-operative movement provide housing as one part of an overall service that includes services to people with needs. Housing authorities do not provide a similar range of social services, and in this context, the voluntary and co-operative bodies enhance the services offered by the housing authorities.

From a funding perspective, there is little to distinguish the voluntary and co-operative sector from housing authorities, where CLSS is used or where the service provided is solely housing related. Funding under the CAS may be provided up to 95% of the costs of proposed developments. Given the potential for associations to provide accommodation to people that are not eligible for the housing authority housing lists, we consider that an approach where funding be limited to the CAS scheme and where the voluntary and co-operative associations should seek to involve tenants other than persons from the local authority housing lists should be a focus of the voluntary and co-operative sector. In our view, the continued use of the CLSS should also be questioned in a context where other schemes (leasing and CAS) are more cost-effective, and where Government policy is to seek more cost-effectiveness in current and capital expenditure.

In respect of the provision of social and care services in conjunction with housing services, we recommend that the relative roles of various parties in this area be defined at the earliest opportunity.

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6. Future funding options & evaluation

6.1. Objective

The objective of this section is to describe and discuss potential future funding options for the voluntary and co-operative housing sector and to outline the circumstances in which they could operate.

6.2. Options review

In our view, the options that should be considered in respect of the funding schemes for the voluntary and co-operative sector in future could comprise seven distinct options, namely:

1. a continuation of the current CLSS scheme;
2. a continuation of the existing CAS scheme;
3. the sourcing of monies on commercial lending basis from banks, building societies and/or credit unions;
4. the sourcing of funding from investors such as pension funds;
5. participation by voluntary and co-operative bodies in commercial property ventures;
6. participation on the part of voluntary or co-operative bodies in Public Private Partnership type schemes;
7. the release of funding through a sale and lease pack of existing assets.

By way of background, we note that under the terms of the current partnership agreement "Towards 2016", the Department of the Environment has a stated target for the provision by the voluntary and co-operative sector of 2,000 units commencing on site each and every year of the programme. The capital funding programme for the voluntary and co-operative sector for 2009 is €290m, split between the two existing funding streams. They comprise an allocation of €160m for the capital loan and subsidy scheme (CLSS) and €130m for the capital existence scheme (CAS). As noted previously in the case of CLSS, capital funding of 100% is provided towards the development of houses and in the case of CAS the funding is between 95% -100%. However, it is widely held that funding in the region of €300m will not be adequate to meet the capital requirements of the voluntary and co-operative sector in future years. Some commentators from the sector have suggested that the additional capital requirement will be of the order of at least €100m and probably nearer €200m, in order to meet the targeted output from the sector.

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In respect of any funding arrangements that rely on funding by a third party, or through investors or commercial lending, there are a number of factors that is consistent across all the options. These include:

1 The voluntary and co-operative housing movement has a considerable asset base and its current stock of houses may well have an asset value in excess of €4billion and possibly higher. A consequence of the requirements of the funding approved by the Department of the Environment to date is that the majority of these assets are currently mortgaged to the Local Authorities as, in practical terms, the funding was provided by way of loans drawn from the Housing Finance Agency (HFA). The existence of these mortgages could prevent voluntary and co-operative housing bodies from using them as collateral with which to secure private funding. However, the government may consider releasing the housing agencies from their current mortgages, particularly on CAS funded schemes, many of which are funded from rents paid by tenants, who are not in turn able to avail of the differential rent scheme.

2 While an appropriate asset base may be considered at least useful, if not necessary, to secure funding, in practical terms a decision by a commercial lender or investor to provide funding will be made primarily on the ability of the borrower to repay the loan, which in turn means that the rental income received by the voluntary or co-operative body must be sufficient to enable it to fund the borrowings. In effect, what this means is that the rent received for a property on the part of a voluntary or co-operative body should not be subject to the rent restrictions currently associated with the CLSS and some tenants under the CAS schemes. The income under the differential rent scheme would not of itself be sufficient to fund the borrowings required to provide a dwelling for the tenant, irrespective of whether it is a house or an apartment. Instead, if voluntary bodies are to secure funding from third parties, which has to be repaid, then they should be assured of an income, from a combination of their own resources, tenants' resources and State resources, to ensure that they have adequate funding to repay the borrowings. In essence, the payment of rents under the Rental Accommodation Scheme that are at a sufficient level to ensure that the voluntary bodies can generate sufficient income to repay the loans, and which may require to be underwritten by the Department of the Environment, Heritage and Local Government, reflect the type of mechanism that would be needed to enable access to private funding to occur.

Returning to the options outlined previously, and in the context of the previous comments, our initial views on the options are as follows:

1 In our previous evaluation of the CLSS scheme, we commented that from a funding perspective there is in effect no difference between a housing development funded through the current local authorities system and the housing development funded under the CLSS. In practice, 100% of the funding required is provided by the State and all tenants, including replacement tenants, must be taken from the local authority list. While we appreciate that some would submit that there are some advantages to the schemes operated by the voluntary and co-operative sector, we reiterate that from a funding of social housing perspective there is in effect no difference. We note that the Review Body on Public Expenditure stated that the CLSS should be reviewed to see if opportunities exist for a reduction in Exchequer support for voluntary housing bodies. This, in our interpretation, could mean a version of CLSS approaching that of the CAS scheme. However it is difficult to see how a scheme which would take 100% of its tenants from local authority housing list; which operates under the differential rent scheme and which requires operating and maintenance support from local authorities, could exist without 100% funding,

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from the State. We also recognise the current context wherein other schemes (leasing and CAS) are more cost-effective, and where Government policy is to seek more cost-effectiveness in current and capital expenditure. We note the current policy of the Department of the Environment, Heritage and Local government to promote the use of leasing as the form of funding used by local authorities. In this regard, we consider that the CLSS scheme could be terminated without a significant impact on the voluntary and co-operative sector.

2 The option of continuing with CAS scheme is in our view a viable option for the voluntary and co-operative sector. Funding can be provided by the State at a level below 100%, and the voluntary bodies can source tenants that are not eligible for the local authority housing list. This is particularly of benefit where, for example, voluntary bodies wish to provide accommodation for elderly people or people with special needs, who may have resources that they can contribute towards providing for their accommodation.

3 In effect, situations can occur where persons who require, for example, sheltered accommodation, may have sufficient resources to fund a portion of the cost of that accommodation which, combined with the State aid, can ensure that these people's housing needs are met. In summary, consideration may be given to the Department examining applications from voluntary bodies for funding under the CAS scheme to see if the voluntary bodies could make a greater contribution than the current guidelines provided by the Department, and thus reduce the State commitment to particular schemes, and thereby provide better value for money for the tax payer.

4 Commercial lending from banks, building societies and/or credit unions would take the form of mortgages on specific properties and these would be financial transactions governed by the general mortgage lending criteria. In this case, in our view, the key role of the Department would be to ensure that either the tenant or the voluntary body would have sufficient income to enable it to service the mortgage loan. As noted previously, this income would be higher than that generated under the differential rent scheme and this would require the expansion of a scheme similar to the current Rental Accommodation Scheme. In such a scheme, in our view, consideration should be given to the development of a mechanism such as a State guarantee or underwriting that would enable voluntary and co-operative bodies to access funds at the AAA rate, which is typically the lowest lending rate and which normally applies to public sector borrowing. This low rate reflects the traditional perspective of little or no risk on the part of lending to the State and the low interest rate would result in lower required rents. An advantage in our view of borrowing by way of mortgage as apposed to lease arrangements is that subject to variations in interest rates, mortgage repayments are typically fixed over the period of the mortgage, and therefore repayments would be varied only by changes in interest rates, and not by any other inflationary effect. In addition, when the mortgage is repaid, the asset will be owned by the voluntary body.

5 Provision of funding through investors such as pension funds effectively covers the leasing option. In normal circumstances, leasing of houses should cost less than mortgage repayment as investors in property typically look on two sources of benefit to generate a return to them. These are (1) an income stream to fund borrowing costs and provide revenue for maintenance on the facility; and (2) capital appreciation of the asset. In summary, an investor looks on the potential from both these sources when making a decision to invest in a property. A key question that arises is if a property were to be leased in perpetuity by a voluntary or co-operative body for social housing purposes, how the investor could obtain the benefit of the capital

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appreciation. In practice, in the case of dwellings leased for social housing purposes, this would require that the lease payment would increase at regular review periods, say every five years, and the increase in lease payment it would reflect, at least in part, the capital appreciation of the dwelling. As lease payments increase over time, the investor would have the opportunity to dispose of the dwelling, or to dispose of a portfolio of dwellings, and under normal market circumstances, a buyer would purchase on the basis of the current rental income coupled with the expected increase in the market value of the asset. In this way, investors could gain the benefit of the property value increase through a sale to other investors while insuring that the property remains in use as social housing.

Whereas in theory, investors could range from private individuals to large scale investors such as pension funds, in our view, the leasing option would be more suitable to large scale property owning companies and pension funds which could provide a relatively substantial portfolio of dwellings. We consider that there may be substantially higher administration costs and effort associated with voluntary and/or co-operative bodies dealing with a range of small investors. Given the State involvement it is our view that pension funds and private investors would consider such investment to be relatively low risk and our consultation suggest that the rate of return sought by investors would reflect this lower risk. We note that the review report on public expenditure suggested that with residential market rents declining, and in June 2009, CSO data showed that rents had decreased by 16.4% over the previous 12 months, that local authorities and other housing bodies should be in a position to negotiate better contracts with landlords participating in the RAS scheme. There is therefore an opportunity in our view to obtain properties at lower rents at present and, assuming a return to a normal market in a few years, leasing from investors should still be very cost effective if a form of State guarantee or underwriting were to be provided to eliminate the risk to investors.

6 Option no. 5 was to allow voluntary and co-operative bodies to participate in commercial ventures and use the profit generated from such ventures to subsidise social housing. We should point out that in this scenario, we do not envisage that voluntary and co-operative bodies will become large scale property developers. In effect, by commercial ventures, we mean that in a case such as a proposal by a voluntary body to develop apartments in a city centre or town centre location, that the potential for including retail units at street level would merit consideration. Such developments would be subject to the usual requirements for appropriate planning approval etc, however, there may be circumstances where the lease income from retail units or the capital sums gained from the sale of such retail units could subsidise the social housing element to a significant extent, and thus provide additional funding to the social housing element which would reduce the borrowing need. Such an approach has worked successfully in the Netherlands, and while we appreciate that not all voluntary or co-operative housing developments would suit this type of approach, nonetheless, in our view, it is an option that merits consideration in appropriate cases.

7 Participation by voluntary or co-operative bodies with local authorities in Public Private Partnership type schemes. As noted previously, many of the public private partnership type schemes that have involved local authorities in the past have been on a project basis and not on an ongoing care and maintenance basis after the dwellings have been completed. The key difference in our view between a public private partnership scheme with a voluntary body and that between a local authority and a private sector body is that at present PPP schemes are not attractive to the private company as demand for the private sector dwellings is very limited in current market conditions. While we appreciate that these market conditions should ameliorate

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in future years, the current indications are that it will be sometime before this form of housing provision becomes a viable option.

However, in the case of voluntary bodies who wish to provide an element of housing to persons with needs, such as the elderly, consideration might be given to a form of public private partnership where the tenants of a completed development would consist of a proportion of local authority tenants; a proportion of voluntary body tenants together with potentially some private sector acquirers. The funding mechanisms for such developments could replicate those that have been proposed for private sector PPP projects in the past and the key advantage in our view of this approach is that whereas private sector PPP's relied on the sale of houses to private buyers to generate a return for the project, in the case of the participation by the voluntary bodies, these should have tenants that would be available to take up occupancy within a relatively short period of time. In other words, PPP involving a voluntary body is likely to have more certainty that the properties will be purchased/leased than a private sector body at present.

8 Option no. 7 is the releasing of capital monies through the sale and lease back of the current voluntary housing stock. In effect this option would entail the sale of some existing properties and the gaining of a capital sum that will enable new properties to be developed. The effect of this would be in cases where for example, the Department of Environment is effectively funding an existing mortgage, the mortgage would be cleared and the current mortgage payment would in fact become a lease payment to the investor who acquires the property. A key consideration in such an exercise would be the scale of any mortgage outstanding on a property. Given the way in which the CLSS and CAS schemes operate, at present most of the properties are in the course of mortgage repayments being made and these are funded by the Department of the Environment. In the case of a sale and lease back, if the existing mortgage is not redeemed, then the Department would effectively be funding a mortgage as well as a lease to the investor who buys the property which would mean higher outgoings on the current account in return for an injection of capital into the Department's capital account. Typically, we would expect that any outstanding mortgage would be cleared so that there would be a relatively small change in the current expenditure, namely the mortgage or lease payment, and in return for which the Department would receive a more modest capital injection. Assuming that the capital injection were to be used to fund other developments, then the sale and leaseback approach appears to offer no benefits over an agreement to lease dwellings that are either built and as yet unoccupied or a contract to lease a number of buildings to be built in the near future. However, in our view, consideration may be given in the short term by the Department, to consider a sale and lease back arrangement on some of its assets where (a) it would receive a reasonable price for the sale of its property, given current market conditions and (b) where the capital funding could be leveraged to some voluntary and co-operative bodies to acquire or develop properties to meet immediate needs in some particular area where it is considered that the development of these social housing units in the near future is an important requirement. In other words, in our view, sale and lease back to provide some capital monies that would enable urgently needed developments to occur would merit consideration.

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We conclude that a range of potential funding mechanisms exists and that the voluntary and co-operative sector should avail of these alternatives to the greatest extent possible. Our analysis of the range of funding mechanisms shown previously shows that leasing is a cost-effective approach, and particularly in the current environment, could be extremely cost-advantageous. We therefore recommend that individual applications for funding should be assessed on their merits, but that a preference for proposals involving leasing could be shown to provide better value for money and greater impact on addressing housing needs in Ireland.

Our views in respect of the operation of the different options are as follows.

CAS Scheme

In respect of the CAS scheme, our consultation with various parties lead us to the conclusion that there may be certain circumstances under which the voluntary body could make a greater contribution, depending on the nature of tenant they propose to accommodate in the new development. For example, there are cases where people with particular needs, such as elderly seeking sheltered accommodation, may have sufficient resources to make a higher contribution towards the sheltered accommodation and in such cases, the extent of intervention on the part of the State may not need to be as high as current practice. In essence, we are proposing that in future applications under the CAS, the voluntary and co-operative bodies should indicate the scope they have to make a greater contribution either through their own resources or through the means of the tenants that they propose to house in the new development. We do stress that this in not intended to penalise any persons who are seeking accommodation in any way, however given the current capital programme availability and the scale of the requirement for social housing, it is incumbent of the State and all bodies involved in the provision of such housing to optimise the contributions that may be made by particular persons.

In relation to the future operation of the CAS, we propose that future applications submitted by voluntary bodies to the local authority should:

1. indicate the level of funding which the voluntary body proposes to make towards the developer, both in overall terms and in percentage of total cost terms;

2. indicate the source of that funding in case of capital funding, or, in the case of additional borrowings, indicate the source of the income that will be provided to the voluntary body to enable it to service the borrowings;

3. where possible the voluntary body should be asked to submit any documentary evidence in support of its application such as letters from the proposed lenders; information regarding proposed tenants and any other information that would provide evidence as to the sufficiency and security of that funding; and information regarding the overall funding of the project. In regard to the overall funding a question that may arise would be in the event of two parties, namely a lender and Housing Finance Agency seeking a mortgage, a decision may be required to be made as to whether, for example, the House Finance Agency would on the part of the State, accept a second mortgage with a lender having a first mortgage on the property.

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Commercial Lending

In respect of commercial lending from a bank, building society or credit union, we would not at this time envisage the development of complex financial instruments that would be associated more with corporate financial transactions than residential acquisition.

Taking account of the capabilities of the voluntary and co-operative sector, we would envisage that the commercial lending would broadly be structured as follows:

1 the loans would be similar to residential mortgage loans and would have a loan period of not lees than 20 years and not more than 30 years;

2 the loan could be structured in particular ways, such as an initial interest only period followed by a period of interest and capital repayments, or it could be a straight forward interest and capital repayment throughout the period of the mortgage;

3 consideration should be given to the State, or the Department of the Environment, Heritage & Local Government, providing some form of guarantee or underwriting to the loan on condition that mortgages are made available to the voluntary and co-operatives sector at the triple A rate which is the same rate as that charged to public bodies. In effect, we propose that the Department of Environment should bear the risk of these loans in return for the cost of the loan being reduced.

4 the Department of the Environment, Heritage & Local Government should assist the voluntary body to repay the loans through the provision of a rent allowance or rental subsidy to the tenant, which will in turn generate sufficient income for the loan to be serviced. In practice, the rent subsidy maybe paid directly to the voluntary body which will then make the mortgage repayments.

5 the rent or rent subsidy payable by the Department should be reviewed in a manner similar to that used for the rental subsidy scheme, so to ensure insofar as possible that the actual rents paid are adequate to repay the loan, while at the same time represent a value for money to the State;

6 in such a case we propose that the Department of the Environment, potentially through a public body such as the Housing Finance Agency, should retain a second mortgage on the property, one that ranks below that of the primary lender, and, in recognition of the State funding of the mortgage repayment, this mortgage should be retained in perpetuity.

7 on completion of the mortgage loan period, the mortgage in favour of the commercial lender would be discharged and the only mortgage held on the property shall be that held on the part of the Department of the Environment, Heritage & Local Government, unless the Department agrees to the provision of a mortgage to a lender to act as security for future loans. Such arrangement should be permitted only with the agreement of the Department and this agreement should not be unreasonably withheld.

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Investor funding

To provide for greater efficiency throughout the system as a whole, we suggest that the securing of funding through investors such as pension funds should be done in either of two ways.

In the first approach, where a voluntary body or a group of voluntary bodies propose to carry out a significant development or developments in close proximity and which would be of such a scale as to merit the interest of an investor with substantial resources, we propose that the voluntary body or bodies should take responsibility for the development of the proposed dwellings, including all preparatory work, design work, planning approval, construction and completion. In saying the voluntary bodies should take responsibility for these works, we appreciate that they would actually be carried out by various professionals and suppliers, but that all the activity would be coordinated by the voluntary body in a manner similar to that at present. The voluntary body or bodies would jointly negotiate the provision of funding with the relevant fund manager, recognising that any such projects should be of sufficient scale to merit this approach, and arrangements to be put in place for lease payments on the property to be paid to the fund managers. In such a case, we anticipate that the voluntary or co-operative body would assume responsibility for the maintenance of the dwellings and that this would be reflected in the lease costs paid. We would expect the fund managers to require condition reports on the premises to be prepared at reasonable intervals to ensure that the voluntary bodies' obligations in respect of maintenance of the property are being met. In summary, this approach envisages that the investor or pension fund role is confined to one of providing the initial capital to enable the building works to take place; that ownership of the properties is vested with the investor and that in effect all the aspects of developing the project and maintaining it thereafter are the responsibility of the voluntary body.

The properties would then be held by the voluntary or co-operative body on a lease hold basis which would be of a sufficient term, at least 20 years to allow the voluntary body to renew the lease and also to provide sufficient time to reward the work involved on the part of the voluntary body in establishing the scheme.

Under these arrangements, we would envisage that lease payments would be amended periodically, say every five years, in line with rental inflation or the consumer price index, and in this scenario the owners of the properties may well have the opportunity to dispose of the property to other investors or pension funds. This mechanism would allow the investors to recoup the capital gain that is normally associated with property ownership and at the same time would also allow for the dwellings to be retained for social housing purposes.

The second approach to investors' funding is where individual projects are of such a scale that pension fund managers or significant investors would regard the investment as been below the threshold that would enable them to make a sufficient return, then consideration may be given to pension funds or investors establishing a fund which could be administered by a property investment company and/or a bank, and thus investment from, say a pension fund, could be drawn down in instalments by the bank and used to fund a range of smaller developments or distinct stages of a single development. In a similar manner to that described above, in this scenario, the investor could after some time, sell their interests in a number or a complete portfolio of dwellings to achieve their capital gain.

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Commercial activities

In respect of a commercial element in a proposed development, it is our view that this approach would fit with any of the other proposed methods of funding and could be part of the overall plan and financial package associated with the project. We reiterate that we do not envisage that voluntary and co-operative bodies will become large scale property developers, nor would we envisage the voluntary or co-operative sector taking any undue commercial risks – though the legislation does appear to allow for some prudent level of risk to be taken.

In effect, by commercial ventures, we mean that the potential for including some commercial activity in any development would merit consideration.

Public Private Partnership

The funding of social housing through greater involvement of voluntary and co-operative bodies in public private partnership schemes with local authorities.

The essence of such a public private partnership is that the scheme could accommodate any combination of the following:

- persons from the local authority housing list who are going to be housed in local authority dwellings;
- persons on the local authority housing list who would be housed within a scheme developed by voluntary bodies;
- persons who are not on a local authority housing list but who may or may not have special requirements and who will be housed via the voluntary body, and
- private owners

The relative proportions of these four types of tenants/owners could vary from scheme to scheme, and we envisage the possibility where schemes could be established that would accommodate only the first three groups. In summary, the approach in such a PPP would be that the local authority would make a contribution to the scheme in a manner similar to that which they carry out at present, which is primarily through the provision of a site. Additional contributions to enable the building to take place could be provided by either the local authority in respect of units they may wish to add over and above those they would be entitled through the subscription of the site; from the Department of the Environment, Heritage & Local Government in respect of persons who qualify for the local authority housing list but who may be provided housing through a voluntary body; and persons who may or may not have special needs but who may not otherwise qualify for the local authority housing list and who the voluntary body intends to house. The relative contribution of the various tenants/owners would be a matter for the parties to agree, depending on the size of the sites; the number of units to be built; the number of units for which each of the bodies would have in effect nomination rights; the potential contribution from all the parties and the long term plan for the development.

We fully accept that without the provision of housing for private owners/buyers, it may be argued that developments of this nature would not provide the same social mix as developments containing all four types of owners/tenants. While accepting this shortcoming, we do submit this as a potential option, particularly given that voluntary bodies in many cases provided accommodation to persons who would not automatically satisfy the requirements to be placed on the local authority housing list.

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6.3. Conclusion

We recommend that for the future the voluntary and co-operative sector should seek to source funding from a wide range of sources such as those described previously and the Department of the Environment, Heritage and Local Government should facilitate this trend as much as possible.

The funding analysis shown in Chapter 4 previously supports the increased use of mortgage and lease options in terms of their long term cost effectiveness. The move to this use of a wide range of sources should be carried out in conjunction with improved oversight of the sector as recognised in Chapter 5.

Finally, a cessation of the CLSS would mean that under the CAS, voluntary and co-operative bodies would be required to raise at least 5% of the requisite funding. In assessing the case for assistance with repaying mortgages or leases, consideration should be given to the applicant bodies also providing 5% of the relevant payments.

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Appendix I – Housing questionnaire

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Comhshaol, Oidhreacht agus Rialtas Áitiúil
Environment, Heritage and Local Government

Questionnaire

Voluntary and Co-operative Housing Sectors

Grant Thornton is assisting the Department of the Environment, Heritage and Local Government to carry out a Strategic Review of the Capital Funding Schemes for Voluntary and Co-operative Housing. Please let us have your information and views by completing this questionnaire. Your input is vital and all comments are welcome.

Please return completed questionnaires by **Friday 19 December 2008** to:

Ciara White
Grant Thornton
24-26 City Quay
Dublin 2

Tel: (01) 6805 634
Fax: (01) 6805 806
Email: housingsurvey@grantthornton.ie

A soft copy of this questionnaire is available on request.

Section 1 – General Information

1. **Name of your organisation** ______________________________

2. **In which year did your organisation receive approved status?** ______________________________

3. **Is your organisation a:**

   Voluntary Housing Association ☐
   Co-operative Housing Society ☐
   Other (please describe) ☐ ______________________________

4. **Address** ______________________________

____

____

5. **Contact details**

	Contact Details
Telephone Number	
Fax Number (if applicable)	
Email address	
Website address (if applicable)	

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6. Person Completing Questionnaire:

Name ______________________________

Position ______________________________

7. What services (housing and non-housing) does your organisation provide?

Please tick all that apply:

Houses for rent	☐	Carers	☐
Sale of affordable housing	☐	Tenancy support	☐
Estate management	☐	Advice	☐
Services to people with disabilities	☐	Counselling	☐
Services to the homeless	☐	Hot meals	☐
Care services for the elderly	☐	Communal facilities	☐
Service for children	☐	Caretaker	☐

Other (please specify) ☐ ______________________________

____

Section 2 – Legal Structure

8. What is the legal structure of your organisation?

Legal structure of organisation:		**Relevant Company / Register of Friendly Society number:**
Company Limited by Guarantee	☐	______________
Limited company with share capital	☐	______________
Trust	☐	______________
Co-operative Society	☐	______________
Other (please specify type)	☐	______________

9. Does your organisation have Revenue Commissioner charitable status?

Yes ☐ If 'Yes', please provide Charity Number ______________
No ☐

(FOR COMPANIES ONLY)
If your organisation is a company with shareholders, please complete questions 10 and 11:

10. Is there a majority shareholder? Yes ☐ No ☐

If 'Yes', please provide their name and address ______________________________

____

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11. Profile of current shareholders by length of time shares held:

Shares held for	Number of current shareholders
Less than 1 year	
1 to 3 years	
3 to 5 years	
More than 5 years	
TOTAL NUMBER OF SHAREHOLDERS	

(FOR CO-OPERATIVES ONLY)
If your organisation is a co-operative, please complete question 12:

12. How many shareholders (members) does your co-operative housing society have? ______________________

Section 3 – Board / Trustees

(FOR COMPANIES AND CO-OPERATIVES ONLY)
If your organisation is a company or co-operative, please complete questions 13 and 14:

13. Profile of directors by title:

	Number of directors
Executive Directors – Paid	
Executive Directors – Voluntary	
Non-executive Directors – Remunerated	
Non-executive Directors – Non-Remunerated	
TOTAL NUMBER OF DIRECTORS	

14. Profile of directors by length of time in role:

Length of time as director	Number of directors
Less than 1 year	
1 to 3 years	
3 to 5 years	
More than 5 years	
TOTAL NUMBER OF DIRECTORS	

(FOR TRUSTS ONLY)
If your organisation is a trust, please complete questions 15 and 16:

15. Do any of the trustees work as executives in the organisation?

Yes ☐ No ☐

If 'Yes', how many? ___________________________

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16. Profile of trustees by length of time in role:

Length of time as trustee	Number of current trustees
Less than 1 year	
1 to 3 years	
3 to 5 years	
More than 5 years	
TOTAL NUMBER OF TRUSTEES	

(BOTH COMPANIES AND TRUSTS)

17. How often does the Board / do the Trustees formally meet?

- Annually ☐
- Quarterly ☐
- Monthly ☐
- Fortnightly ☐
- Other (please specify) ☐ ____________________

Section 4 – Governance

18. Name of auditor ____________________

19. Date of most recent audited accounts ____________________

Section 5 – Staff Details

20. Does your organisation employ paid staff? Yes ☐ No ☐

If 'Yes', please complete questions 21 and 22:

21. Paid staff, leavers and joiners

	Number of paid staff at present	Number of joiners within last year	Number of leavers within last year
Number of full-time staff (paid)			
Number of part-time staff (paid)			
TOTAL NUMBER OF PAID STAFF			

22. Paid staff by activity:

	Number of paid staff working in this area
New housing – capital works	
Operation, maintenance and upkeep of housing	
Provision of services to people, e.g. care services	
In-house design team	
Organisation management and administration	
Fundraising	
Other e.g. communications Please specify ____________________	
TOTAL NUMBER OF PAID STAFF	

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23. **Does your organisation have a full time manager(s)?** Yes ☐ No ☐

If 'Yes', please complete question 24:

24. **Profile of manager(s) by length of time in role:**

Length of time as manager	Number of managers
Less than 1 year	
1 to 3 years	
3 to 5 years	
More than 5 years	
TOTAL NUMBER OF MANAGERS	

25. **Does your organisation have unpaid, voluntary staff?** Yes ☐ No ☐

If 'Yes', please complete questions 26 and 27:

26. **How many unpaid, voluntary staff were actively involved during 2008?** ____________________

27. **Unpaid, voluntary staff by activity:**

	Number of active voluntary staff working in this area
New housing – capital works	
Operation, maintenance and upkeep of housing	
Provision of services to people, e.g. care services	
In-house design team	
Organisation management and administration	
Fundraising	
Other e.g. communications Please specify ____________________	
TOTAL NUMBER OF UNPAID VOLUNTARY STAFF	

28. **Does your organisation have a written staff training and development plan?** Yes ☐ No ☐

29. **How much is your organisation's training budget for 2008? €**____________________

30. **How does your organisation provide for the training of its staff?**

Please tick all that apply:

In-house	☐	Irish Council for Social Housing (ICSH) training	☐
Third level	☐	NABCO training	☐
Other external training (please specify)	☐	____________________	

____

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Section 6 – Profile of Housing Stock

31. Total housing stock:

	Capital Assistance Scheme (CAS)	Capital Loan and Subsidy Scheme (CLSS)	Other	Location[1]
Number of houses (self-contained accommodation)				
Number of apartments (self-contained accommodation)				
Number of units in group home / single units with shared facilities (non-self contained accommodation)				
TOTAL NUMBER OF UNITS				

(If the housing stock is located in more than one County/City Council area, please list all County/City Councils on a separate sheet. Please provide as much detail as possible.)

32. How many dwelling units are currently occupied (i.e. as at November/December 2008)? ______________

33. Profile of housing stock by size of unit:

	Number of houses	Number of apartments
With 1 or 2 beds		
With 3 or 4 beds		
With 5 or more beds		
TOTAL NUMBER OF UNITS		

34. (a) How many housing schemes do you have in total? ____

(b) How many have communal facilities? ____

Section 7 – Tenant Information

35. How many family units[2] does your organisation currently accommodate?

____

36. Is the average length of your tenancies

Less than one year? ☐
One year or more? ☐

[1] Please specify location by County or City Council
[2] Family unit can refer to an individual, couple, family or group of adults/children living together in a single dwelling unit

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37. **Tenant profile:**

	Number of tenancies
Single person	
2 or more adults with children	
2 or more adults without children	
TOTAL NUMBER OF TENANCIES	

38. **What proportion of your tenancies currently accommodate households with nobody in paid employment?**

____________________%

Section 8 – Delivering on Social Housing Needs

39. **How many units does your organisation provide for the following beneficiary groups?**

	Number of units
General needs	
People with disabilities	
Elderly	
Homeless	
Ex-prisoners	
Travelling community	
Drug or alcohol misuse	
Refugees / Asylum seekers	
Domestic violence	
Other (please specify)	
TOTAL NUMBER OF UNITS	

40. **Are your organisation's tenants and target groups identified by the Local Authority in their waiting lists / housing strategy?**

Yes ☐ No ☐

41. **What proportion of tenants has your organisation taken from the Local Authority waiting list?**

For initial lets ________________________%

For re-lets ________________________%

Section 9 – Capital Funding

42. **Under which funding scheme has your organisation received capital funding?**

Please tick all that apply:

Capital Assistance Scheme (CAS) ☐
Capital Loan and Subsidy Scheme (CLSS) ☐
HSE capital funding ☐
Department of Social and Family Affairs funding ☐

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Department of Justice funding ☐
Other (please specify) ☐ ____________________

____

____

43. What does your organisation think of the adequacy of funding under the Capital Funding Schemes (CAS and CLSS)?

____

____

44. What does your organisation think of the ease of access to, and usage of funding under the Capital Funding Schemes (CAS and CLSS)?

____

____

Section 10 – Finance and Financial Management

45. Please state your organisation's financial year end ____________________

46. Income

	Financial Year 2007 €	Estimated for 2008 Financial Year €
Rental Income (from tenants)		
Rental Accommodation Scheme (RAS) from the Local Authority		
Management and maintenance allowance from Department of Environment, Heritage and Local Government / Local Authority		
Current funding from HSE for (e.g. care supports, rental supplement)		
Charges to tenants other than rent		
Other Income (including Retail Income, Fundraising, Donations, Bequests, etc)		
TOTAL INCOME		

47. How does your organisation determine rent:

for Capital Assistance Scheme (CAS) tenants? ____________________

____

for Capital Loan and Subsidy Scheme (CLSS) tenants? ____________________

____

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48. How does your organisation collect rent?

Rent collector ☐
Direct Debit ☐
Payment Scheme ☐
An Post ☐
Other (please specify) ☐ ____________________

49. Current Expenditure

	Financial Year 2007 €	Estimated for 2008 Financial Year €
Salaries & wages		
Housing-related expenditure[3]		
Administration and overhead costs		
Other expenditure		
Dividends Paid		
TOTAL EXPENDITURE		

50. How does your organisation raise funds to cover any extra costs for communal facilities? ____________________

____

____

51. How does your organisation fund the on-going care / support elements (e.g. care staff, caretaker, meals, activities)?

____

____

Section 11 – Caretaking, Repairs & Maintenance

52. Please tick the box that best describes your organisation's Caretaking, Repairs and Maintenance system:

'Reactive'[4] ☐
Combination of 'Planned'[5] *and* 'Reactive' ☐
Tenant responsibility ☐
Other (please specify) ☐ ____________________

If 'reactive', who provides the service (e.g. contracted out to local plumber, etc) ? ____________________

____

____

If a combination of 'planned' *and* 'reactive', how often does your organisation carry out general inspections? __________

____

[3] Examples include Caretaking, Repairs & Maintenance and Housing Estate Management
[4] 'Reactive', i.e. your organisation responds only when the tenants calls with a maintenance problem, may also be referred to as 'Response'
[5] 'Planned', i.e. units are inspected and maintained on a periodic basis, e.g. every 5 years

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53. Does you organisation inspect and repair a unit when a tenant vacates the property? Yes ☐ No ☐

54. For what Caretaking, Repairs and Maintenance are tenants responsible? ____________

____

55. Does your organisation have a sinking fund for Caretaking, Repairs and Maintenance? Yes ☐ No ☐

56. Are any of your organisation's properties managed by a third party management company?

Yes ☐ No ☐

If 'Yes', how does your organisation meet the charges of the management company? ____________

____

57. Does your organisation provide management services to other housing providers (including Local Authorities or other housing bodies)? Yes ☐ No ☐

If 'Yes', how much income did this provide in the 2008 financial year[4]? €____________

Section 12 – Policies, Practices and Procedures for Housing Management

58. Does your organisation have written policies and procedures in relation to the following:

Allocation (tenancies)	Yes ☐	No ☐
Arrears	Yes ☐	No ☐
Tenancy agreements	Yes ☐	No ☐
Pre-tenancy training	Yes ☐	No ☐
Anti-social behaviour	Yes ☐	No ☐
Evictions	Yes ☐	No ☐
Support services	Yes ☐	No ☐
Complaints procedures	Yes ☐	No ☐

Section 13 – Membership

59. Please indicate which Representative Housing Organisation your organisation is a member:

ICSH ☐ NABCO ☐ None ☐ (If 'None', please go to Question 62)

____

60. How long has your organisation been a member of the above Representative Housing Organisation? ____________

____

61. Please indicate your organisation's level of satisfaction with your Representative Housing Organisation:

Very satisfied	☐
Satisfied	☐
Indifferent	☐
Dissatisfied	☐
Very dissatisfied	☐

[4] If your organisation does not yet have figures for the 2008 financial year, please provide a 'best estimate'

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Please comment on level of satisfaction: ____

____

____

62. Which other organisations/societies/representative bodies is your organisation a member?

Please tick all that apply:

- Irish Co-operative Organisation Society (ICOS) ☐
- Chamber of Commerce ☐
- Irish Business and Employers Confederation (IBEC) ☐
- Disability Federation Ireland ☐
- Other (please specify) ☐ ____________________

____

63. Is your organisation part of an international housing service provider group?

- Yes (please specify) ☐ ____________________
- No ☐

Section 14 – New Housing Developments

64. Is your organisation currently in the process of acquiring/building new dwellings?

Yes ☐ No ☐

65. How does your organisation acquire dwellings?

	Number of units in last 5 years	Number of units proposed for next 5 years
Traditional (commissioning consultant and contractor)		
Turnkey		
Acquisitions		
Design and build		
Part V		
RAS Leasing		
Other (please specify)		

66. How many dwellings does your organisation have at each of the following stages (please specify the number of units):

	Number of units
Project appraised by Local Authority	
Planning	
Procurement	
Under construction	
About to allocate	

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67. Does your organisation use public procurement procedures for the engagement of:

The design team ______

Consultants ______

Project management team ______

Capital works contract ______

68. Are there any other issues that you feel are important or that you wish to bring to our attention?

Yes ☐ No ☐

If 'Yes', please elaborate ______

______

______

______

Thank you for taking the time to complete this questionnaire.

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Appendix II - Questionnaire responses

The purpose of this section is to give details of the responses provided to the individual questions contained in the questionnaire.

The general profile of respondents is summarised in table 1 following and is referred to in more detail in Question 8. It can be seen however, that responses came predominantly from companies that are limited by guarantee as opposed to trusts or co-operatives.

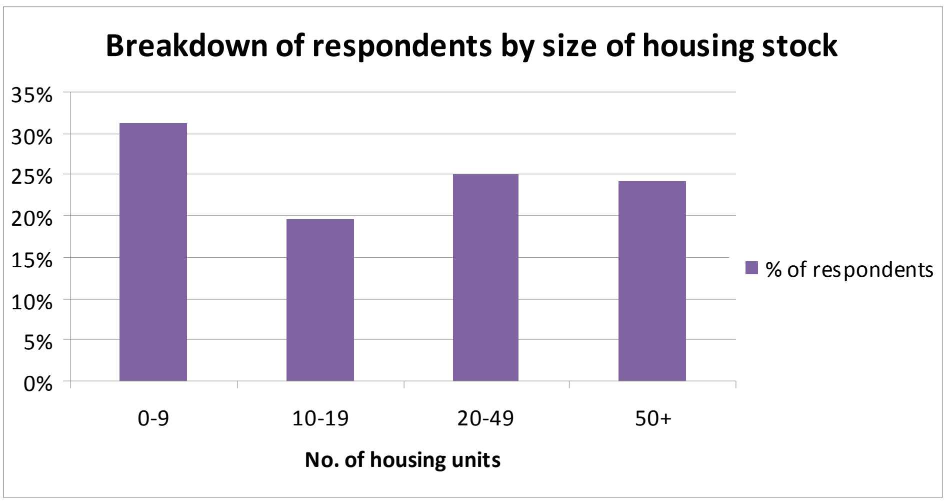
Table 1
Profile of Organisations

Legal structure	No. of respondents	% of respondents
Voluntary Body - Company Limited by Guarantee	110	86%
Voluntary Body -Trust	8	6%
Co-operative society	10	8%

Readers should note that all the percentages given in this section are percentages of the responses received. In some cases, where a number of organisations provided no response, we may have taken the information solely from those organisations that provided information, but where we do, it is noted under the relevant question.

Chart 2 following shows a breakdown of respondents by their size of housing stock. The chart shows that a fairly even spread of large, small and medium-sized organisations have been surveyed.

Chart 2



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Section 1 – Respondents

Question 1: Name of your organisation

The names of the organisations that provided responses are shown in Appendix 1 of this report.

Question 2: In which year did your organisation receive approved status?

Chart 2.1 below shows the responses to this question, broken down into the categories of pre 1990; 1991 – 1995; 1996 – 2000; 2001 – 2005; and from 2006 onwards. It can be seen that there is a reasonable distribution in terms of the percentage of respondents that received approved status across these periods. While the proportion (14%) that received approved status from 2006 onwards may appear relatively small, it should be noted that this covers a period of three years and not one of five years or more, as in the case of the other categories.

Chart 2.1

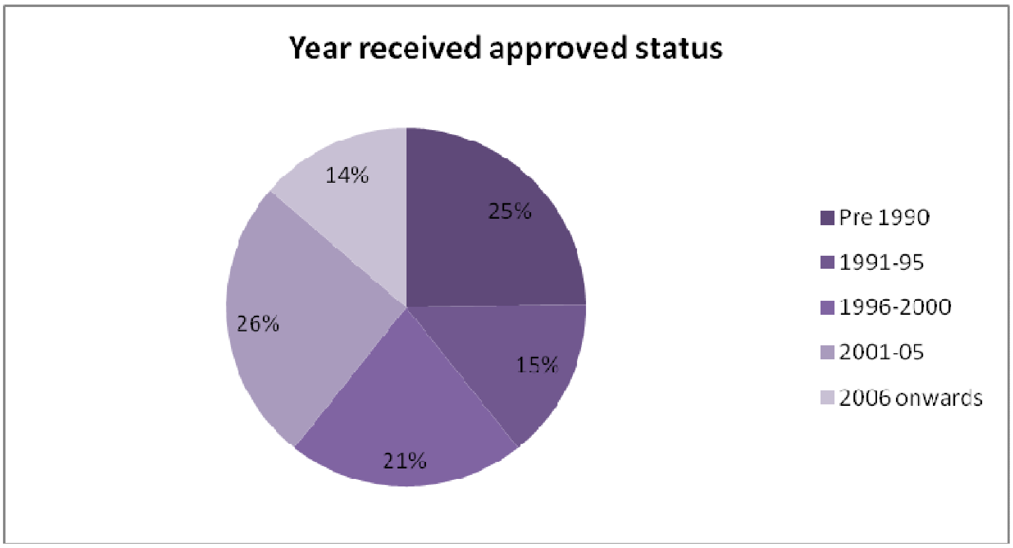
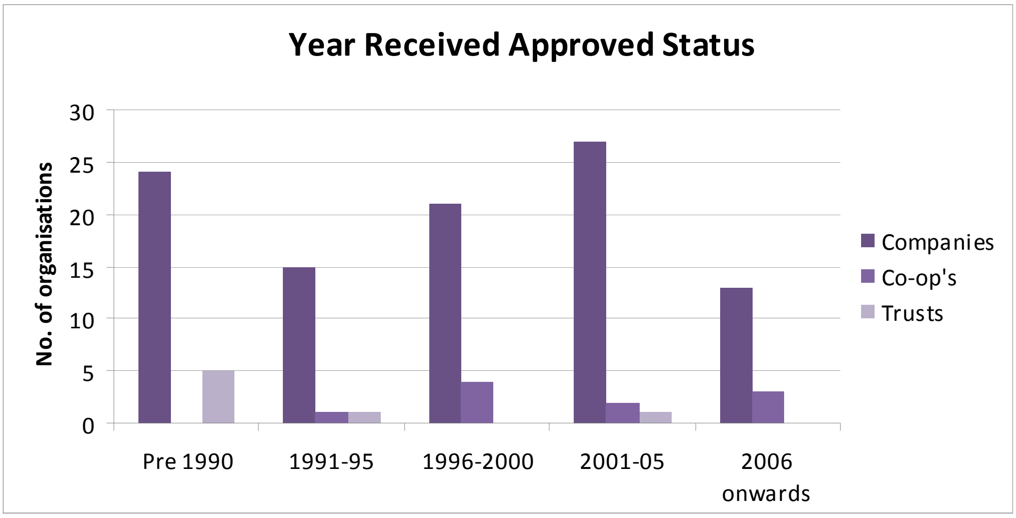


Chart 2.2 shows the period in which the different types of organisations received approved status.

Chart 2.2



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It can be seen from the chart that over 70% of the Trusts that responded to the survey received approved status prior to 1990. Since then, the incidence of new trusts being established and receiving approved status has fallen to a substantial extent.

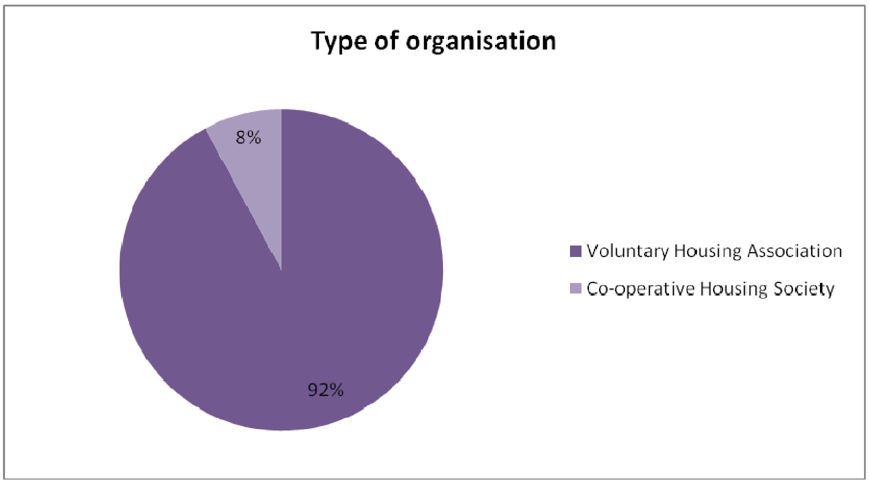
It can also be noted that none of the co-operatives responding to the survey had received approved status prior to 1990 and, in relative terms, there was relatively strong in this type of organisation in the 1996 – 2000 period, and again from 2006 onwards.

In respect of companies (which, as will be shown later, are companies limited by guarantee) the emergence of these types of entities has been fairly consistent over time, with relatively strong growth in the 2001-2005 period.

Question 3: Type of organisation

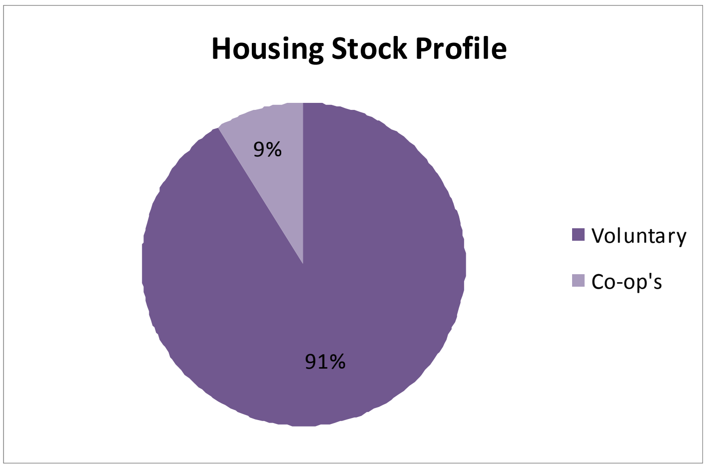
Chart 3.1 following shows the type of organisation responding to the survey.

Chart 3.1



It can be seen from the chart that 92% of the respondents are voluntary housing associations and the remaining 8% are co-operative housing societies. To identify if there were any forms of skewing in relation to the housing stock, the housing stock under the care of the different types of organisations was analysed and the results shown in chart 3.2 following.

Chart 3.2



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It can be seen that while 92% of the respondents were voluntary bodies, they were responsible for 91% of the housing stock. Consequently it can be said that there is a reasonable alignment between the type of organisation and their representation across the housing stock provided by the sector.

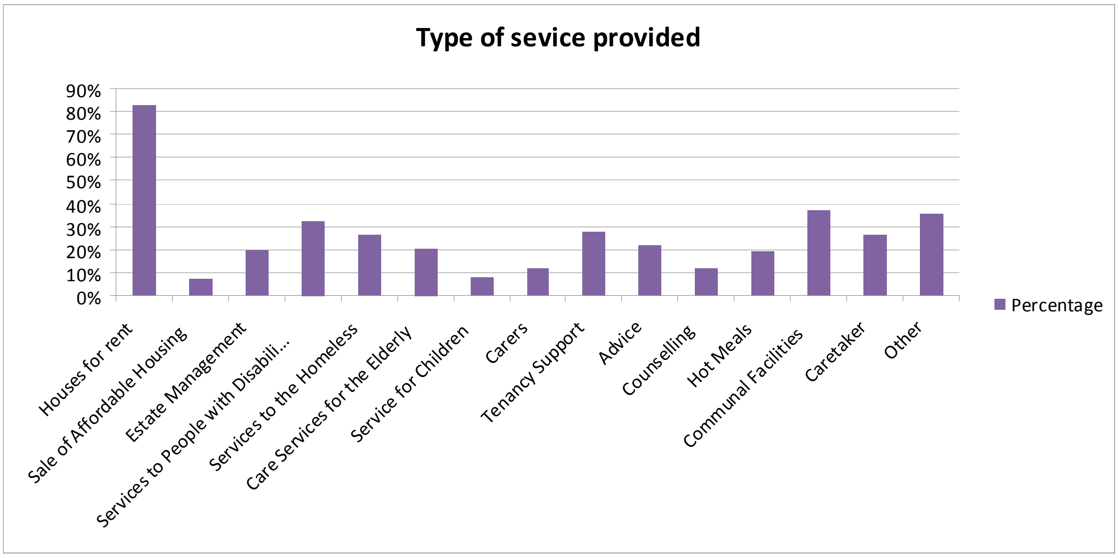
Questions 4, 5 and 6

These questions sought contact details, including names, addresses and telephone numbers of the respondents and are not included in this draft report.

Question 7: What services does your organisation provide?

A list of options was provided to respondents and the results for all organisations are shown in chart 7.1 following.

Chart 7.1



It is noted that 83% of the respondents provide houses for rent. At first, this appears quite low, but an analysis of the responses shows that 17% of the organisations have no housing stock and cannot therefore rent a property.

It is interesting also to note that across the range of services only two specific services are provided by more than 30% of the organisations, these being services to people with disabilities, and communal facilities.

However, when analysed by the type of legal entity, noticeable differences emerge.

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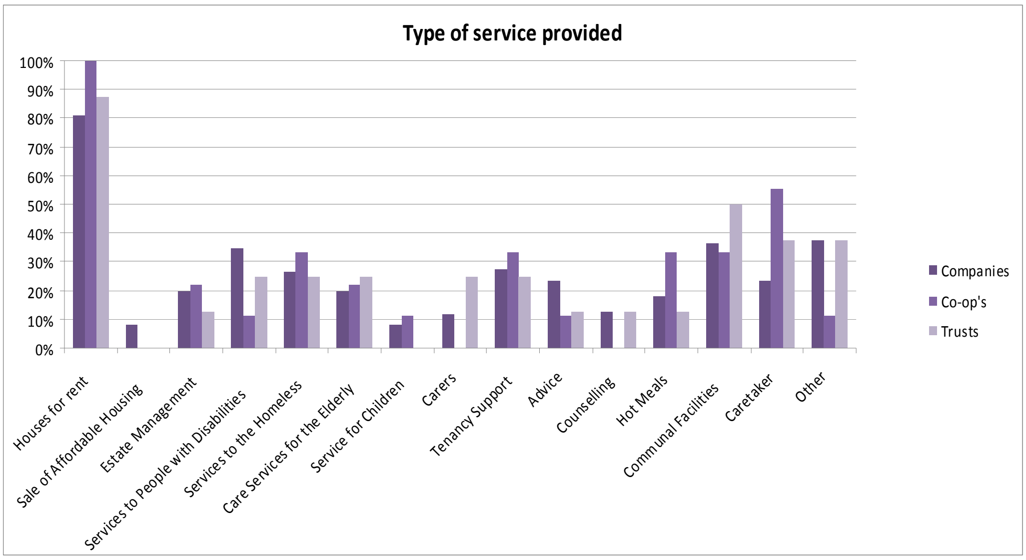
Chart 7.2



It can be seen from chart 7.2 that in the case of co-operatives, all of them provide houses for rent. They also provide estate management, services to people with disability, services to the elderly, tenancy support and communal facilities.

From chart 7.2 it can be seen that of the voluntary bodies, 81% of companies and 88% of trusts provide houses for rent, with their next most frequent types of service being communal facilities and caretaker. Both companies and trusts appear to provide lower incidences of services in the areas of estate management, tenancy support and services to the homeless.

Section 2 – Legal Structure

Question 8: Legal structure

Respondents were requested to identify the legal structure under which they operate, and it can be seen from chart 8.1 below that the representation of co-operative societies at 8% is similar to that shown in question 3 previously, and that the voluntary bodies (92% of respondents) are split into company limited by guarantee (86%) and trusts (6%).

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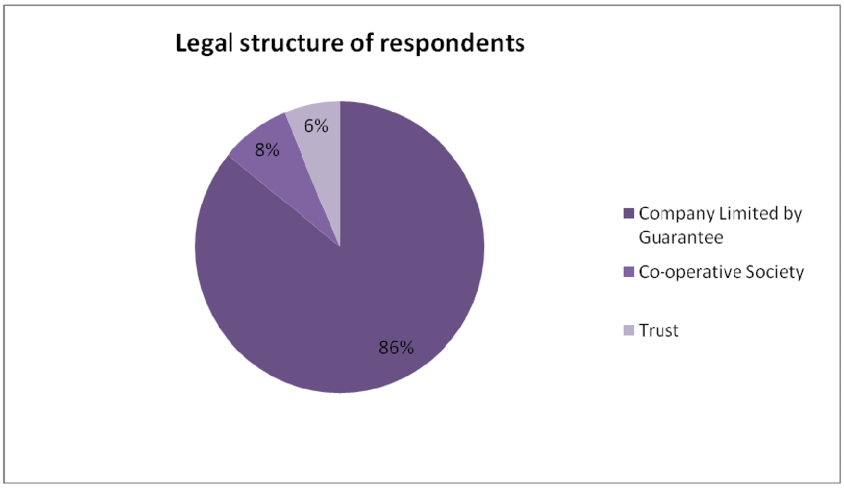
Chart 8.1



Question 9: Charitable status

Respondents were requested to state whether or not their organisation had been approved for charitable status by the Revenue Commissioners.

Chart 9.1

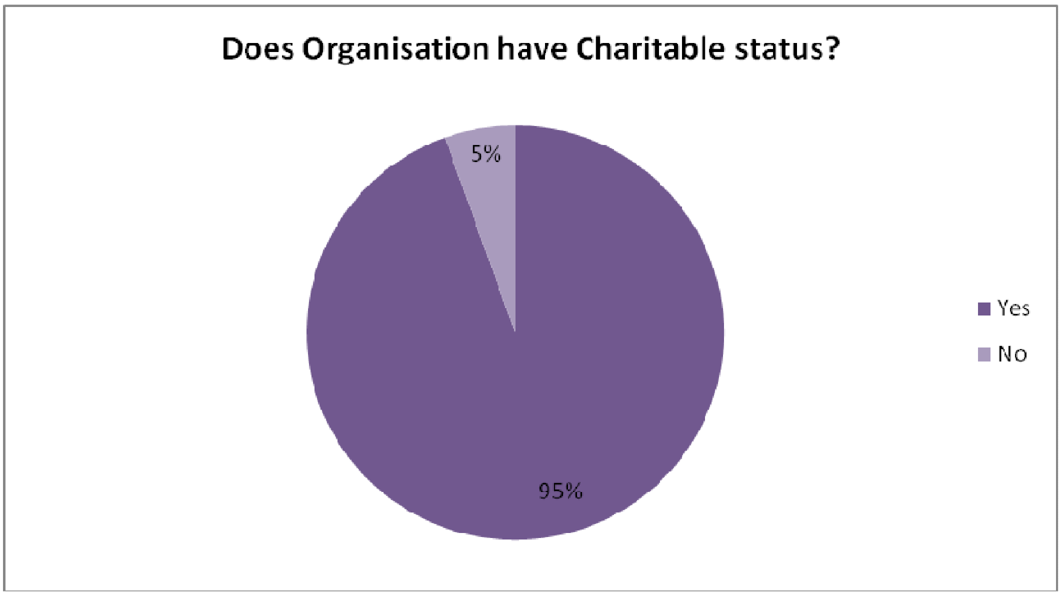


Chart 9.1 shows that 5% of organisations do not have charitable status.

On closer examination, and as shown in table 9.1 following, we found that the organisations that do not have charitable status consisted of four companies limited by guarantee, which have a total housing stock of 12 units, and who have no plans to build or acquire any further dwellings. Two of the organisations without charitable status are co-operative societies; one of which was approved as a housing body in 2003 and has a stock of 26 dwellings, and plans to acquire further units, and the other being a co-operative that received approved status in 2006 currently has no housing stock, but plans to acquire units. Finally, one trust with a stock of 18 dwellings that was approved in 1983 does not have charitable status, and this entity has no plans to buy or build units.

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Table 9.1

Profile of organisations without charitable status

Legal structure	Housing Stock	Year Approved	Council	Plans to Build/buy
Company Limited by Guarantee	4	2003	North Tipperary CoCo	No
Company Limited by Guarantee	0	2007	Sligo CoCo	No
Company Limited by Guarantee	8		Mayo CoCo	No
Company Limited by Guarantee	0	1999	Dublin City Council	No
Co-operative Society	26	2003	Kildare CoCo	Yes
Co-operative Society	0	2006	Fingal CoCo	Yes
Trust	18	1983	Waterford CoCo	No

Consideration should be given by these bodies to seeking charitable status, given the range of tax benefits available for such status. Charitable status should also give added protection to the public moneys used for voluntary and co-operative housing, such as by limiting how the assets of a company being wound up may be distributed. Consideration might be given to making charitable status a pre-requisite for funding.

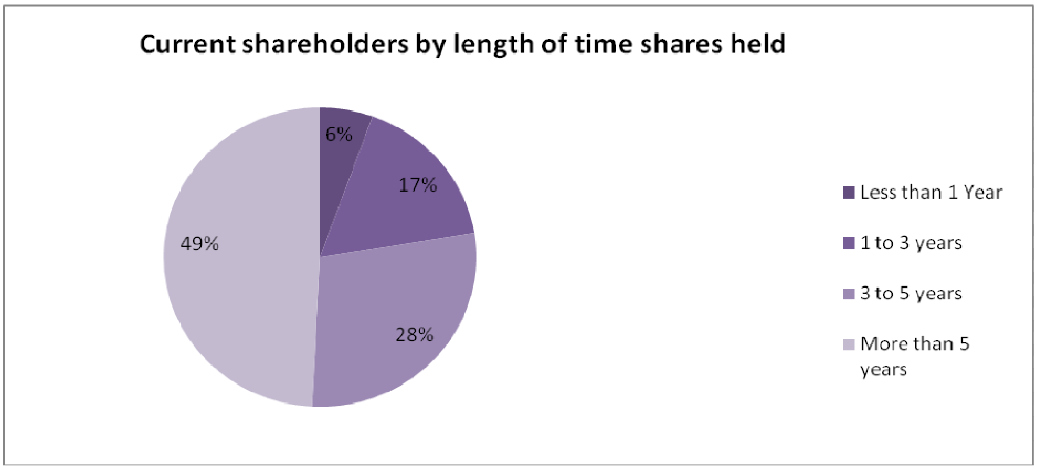
Question 10: Is there a majority shareholder?

Every respondent to which this question applied stated that there is no majority shareholder.

Question 11: Profile of current shareholders by length of time shares held

The results of this question are shown in chart 11.1 following.

Chart 11.1



It can be seen that across the entities to which this question refers, approximately half of the existing shareholders have held their shares for a period in excess of 5 years, and a further 28% have held their shares for a period of between 3 – 5 years. In essence, this means that approximately ¾ of the shareholders of voluntary housing bodies have been shareholders for a period in excess of three years.

In question 2 previously, the year in which the body received approved status, it was found that approximately 14% of bodies received approved status from 2006 onwards. Chart 11.1 indicates

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that 23% of shareholders have held their shares for a period of three years or less. While a direct relationship between these two findings cannot be asserted, it appears to indicate that the changeover of shareholders is relatively limited. This finding is open to varying interpretations. On the one hand it may be felt that unless shareholders are changing, and where they are responsible for the running of the body, it is possible that the level of motivation, progressiveness and development may tend to flag after a period of time. On the other hand, however, it may equally be argued that a constant shareholder base reflects a degree of stability which should be welcomed in a body providing social and housing services.

Question 12: Number of members in co-operative housing societies

It is evident from the response that co-operatives are relatively large organisations, with the average membership being 109 per co-operative responding to the survey. The range of members was from 7 to 278 and the median is 71 members.

It is interesting to note that the average number of houses per co-operative at 106 dwellings is very close to the average membership of 109.

It was found from the responses that three co-operatives have more houses than members. This indicates that some co-operatives have surplus housing which could be used for new members.

Section 3 – Board/Trustees

Question 13: Profile of directors

Companies and co-operatives are requested to identify the nature of their directors' roles. The results of this question are shown in table 13.1 following.

Table 13.1
Profile of Directors

	Companies	Co-operatives
No. of respondents	**110**	**10**
No. with paid executive directors	1	0
No. with voluntary executive directors	66	1
No. with remunerated non-executive directors	1	0
No. with non-remunerated non-executive directors	42	9

From the above table, it can be seen that of the directors of companies, all of which are companies limited by guarantee, 60% are executive directors who work with the company on a voluntary basis and 38% are non-executive directors, who are not remunerated for their directorship. (It should be noted that in general, it is a requirement on the part of the Revenue Commissioners that the directors of a registered charity do not receive remuneration in respect of their directorship and also that a paid employee may not be appointed as Director.)

One of the respondents stated that it has a paid executive director. This organisation is a company limited by guarantee and is also a registered charity. The company has a total of 17 dwelling units.

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Table 13.2
Paid executive directors

Exec. directors paid	Legal structure	Housing stock
1	Company Limited by Guarantee	17

Another respondent stated that it has a remunerated non-executive director. This organisation is a company limited by guarantee and is also a registered charity. The company has a total of 190 dwelling units.

Table 13.3
Remunerated non-executive directors

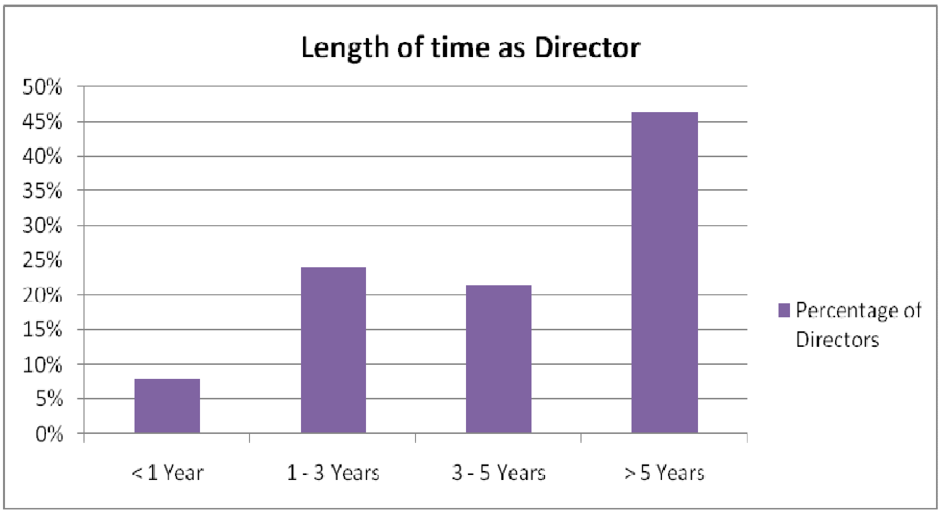
Non exec. directors paid	Legal structure	Housing stock
1	Company Limited by Guarantee	190

On the face of it, these organisations do not appear to be in compliance with the current usual Revenue Commissioner requirements. This finding does not infer that the organisations are not compliant as they may have secured charitable under particular circumstances

Question 14: Profile of directors by length of time in role

Chart 14.1 shows that just under 50% of directors of voluntary and co-operative housing bodies have held that position for a period of five years or more.

Chart 14.1



As can be seen from chart 14.1, some 8% of directors have been in position for less than 1 year and there is a reasonable similarity between the 1 – 3 year and 3 – 5 year periods. When taken in conjunction with chart 2.1 previously, which showed the year that the various bodies received approved status, the responses to this question suggest that the level of director turnover is not significant.

Chart 14.2 shows the comparison between companies and co-operatives, and it can be immediately seen that co-operatives show a larger proportion of directors who are in office for between 1 – 3 years. It is interesting to note however, in referring to chart 2.2 previously that approximately 30% of the co-operatives who responded to the survey were formed in the period from 2006 onwards,

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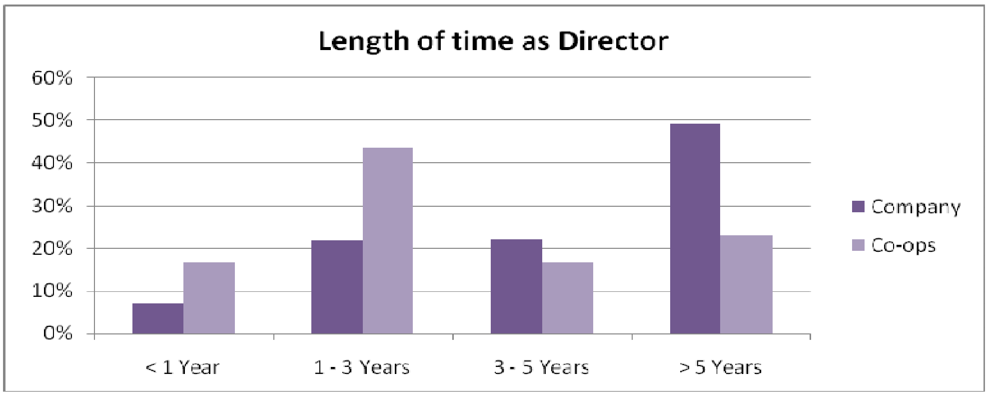
and consequently the relatively high proportion of directors being in office in the periods of less than one year and from 1 to 3 years is not surprising.

Chart 14.2



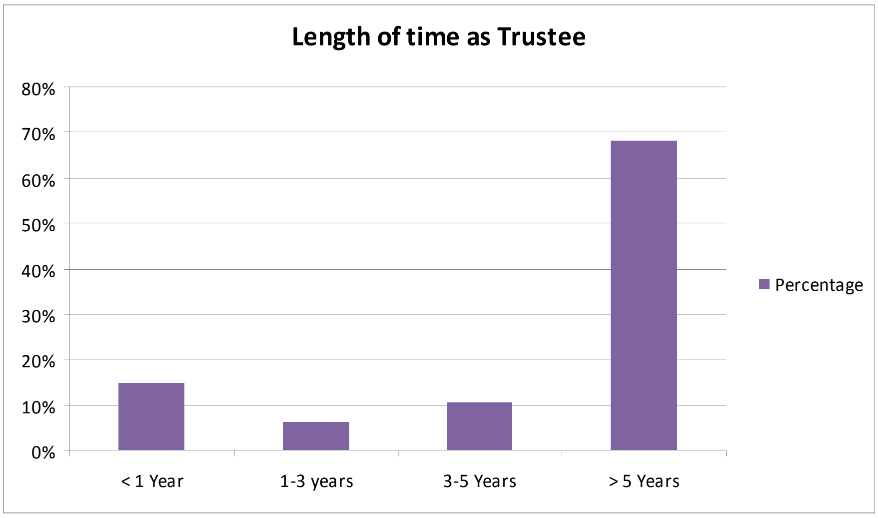
Question 15: Role of trustees as executives

We requested trusts to advise us how many, if any, of the trustees work as executives within the organisation. The responses received were that no trustees whatsoever work as executives in the relevant organisation.

Question 16: Profile of trustees by length of time in role

Chart 16.1 following shows that almost 70% of trustees have been in that position for a period of greater than 5 years, and that the number of trustees with service of less than 5 years is relatively small. Given that no trusts have been formed since 2006, according to the responses shown in chart 2.2 previously, the responses to this question suggest that there has been some rotation of trustees in recent years.

Chart 16.1



Question 17: Frequency of board / trustees meetings

Chart 17.1 shows the frequency with which board or trustee meetings are held.

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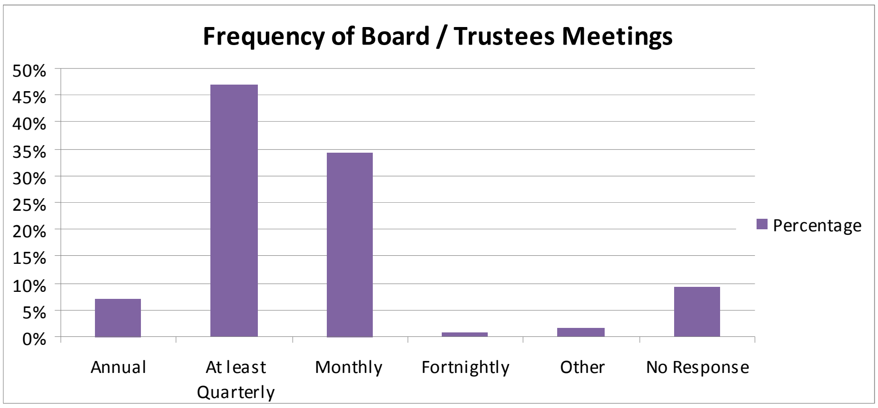
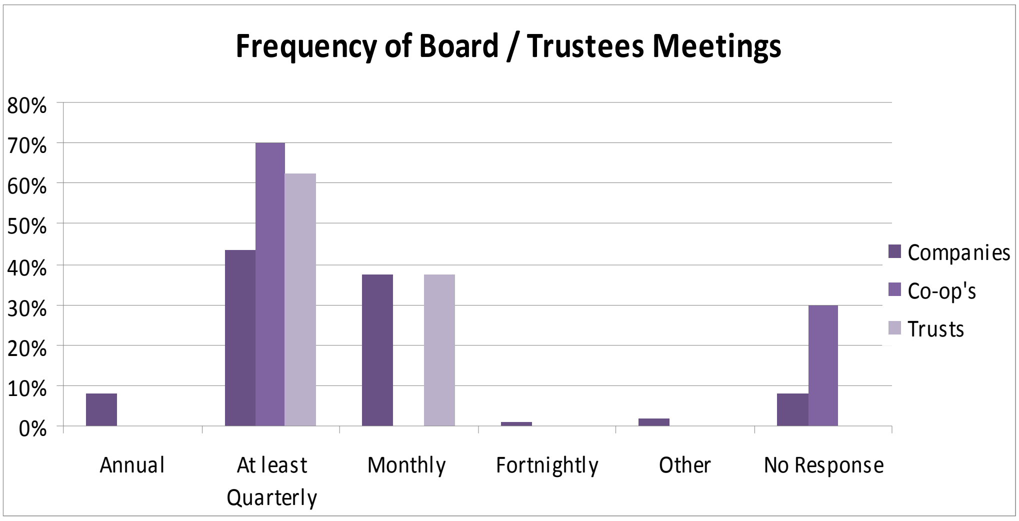
Chart 17.1



It can be seen that just over 80% of boards or trustees meet on either a monthly or a quarterly basis, with the number of boards or trustees that meet more frequently being negligible. Some 7% meet less frequently, but at least once per annum, while some 11% said they meet less frequently or did not provide a response.

The frequency of board and trustee meetings for the different types of organisations is shown in chart 17.2.

Chart 17.2



It can be seen immediately that trustee meetings are held on either a quarterly or a monthly basis and there are no meetings outside of these time periods. Some 80% of companies meet also on a quarterly or monthly basis, with the balance meeting on a lower number of occasions per annum. It can be seen that 70% of co-operatives meet on a quarterly or more frequent basis. Some 30% of co-operatives did not provide a response to this question.

Table 17.3 following shows the profile of organisations that met either just once per year, or provided no response to the question.

Table 17.3

Profile of organisations – annual, other and no value

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	Frequency	Legal structure	Housing stock	Plan to do more?
1	Annually	Company Limited by Guarantee	11	Yes
2	Annually	Company Limited by Guarantee	0	Yes
3	Annually	Company Limited by Guarantee	34	Yes
4	Annually	Company Limited by Guarantee	0	No
5	Annually	Company Limited by Guarantee	0	No
6	Annually	Company Limited by Guarantee	0	No
7	Annually	Company Limited by Guarantee	17	Yes
8	Annually	Company Limited by Guarantee	0	Yes
9	Annually	Company Limited by Guarantee	62	Yes
10	No Response	Company Limited by Guarantee	7	Yes
11	No Response	Company Limited by Guarantee	0	No
12	No Response	Company Limited by Guarantee	16	Yes
13	No Response	Company Limited by Guarantee	21	Yes
14	No Response	Company Limited by Guarantee	19	Yes
15	No Response	Company Limited by Guarantee	200	Yes
16	No Response	Company Limited by Guarantee	8	Yes
17	No Response	Company Limited by Guarantee	26	Yes
18	No Response	Company Limited by Guarantee	1	No
19	No Response	Co-operative Society	168	Yes
20	No Response	Co-operative Society	0	No
21	No Response	Co-operative Society	0	Yes
22	Other	Company Limited by Guarantee	190	Yes
23	Other	Company Limited by Guarantee	14	Yes

Of these 23 organisations, some 8 have no housing stock on hand. There are, however, some significant organisations that have in excess of 100 units of housing stock and that appear to meet with limited frequency. In the absence of other information as to how the organisations are governed, it is difficult to state definitively that governance is weak in these cases. However, best practice suggests that more frequent Board meetings should be convened.

Section 4 – Governance

Question 18: Name of auditor

This question sought the name of the organisation's auditor, which was provided.

Question 19: Date of most recent audit of accounts

Chart 19.1 following shows the date of the most recent audited accounts for the organisations surveyed. It can be seen that some 88% of organisations had their last audited accounts completed within a 15 month period.

Chart 19.1

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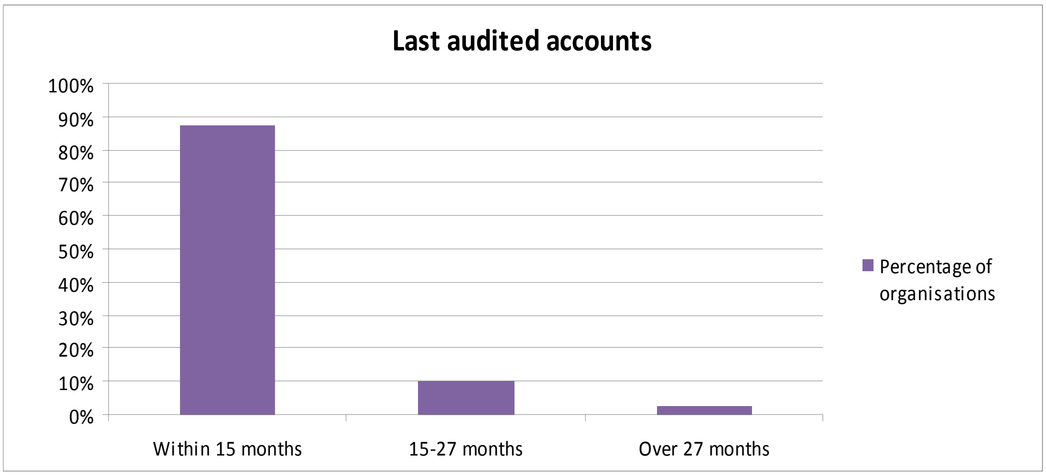

We should point out however, that the survey was carried out over the last quarter of 2008 and the first quarter of 2009. Most of the organisations have financial years ending on December 31, and consequently audited accounts for the year ending 31 December 2008 would not have been prepared by the time the survey responses would have been provided.

In summary, the date of the last audited accounts suggests a reasonably high level of compliance.

Table 19.2 following shows the profile of the companies who did not have audited accounts prepared within the last 15 months.

Table 19.2
Profile of organisations with most recent audited accounts greater than 15 months ago

	Legal structure	Housing stock
	15 - 27 Months	
1	Company Limited by Guarantee	11
2	Company Limited by Guarantee	20
3	Company Limited by Guarantee	20
4	Company Limited by Guarantee	24
5	Company Limited by Guarantee	13
6	Company Limited by Guarantee	0
7	Company Limited by Guarantee	4
8	Company Limited by Guarantee	0
9	Company Limited by Guarantee	2
10	Company Limited by Guarantee	4
11	Company Limited by Guarantee	190
12	Company Limited by Guarantee	8
	Over 27 Months	
13	Company Limited by Guarantee	57
14	Co-operative Society	0
15	Company Limited by Guarantee	20

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It can be seen that one of the entities is a co-operative society with a zero housing stock. 14 of the organisations are companies limited by guarantee, of which one has a housing stock of 190 units. This organisation is also one that has very infrequent board meetings as shown in table 17.3 previously, and in addition, one of the companies limited by guarantee that has a stock of 11 housing units, was also one of the organisations that has very infrequent board meetings. Apart from these two organisations, there are no voluntary or co-operative housing bodies that have infrequent board meetings and in addition do not have an up to date set of audited accounts.

Section 5 – Staffing

Question 20: Employment

Respondents were asked if their organisation employed paid staff and, as shown in chart 20.1 following, 53% of the organisations do, while 47% do not.

Chart 20.1

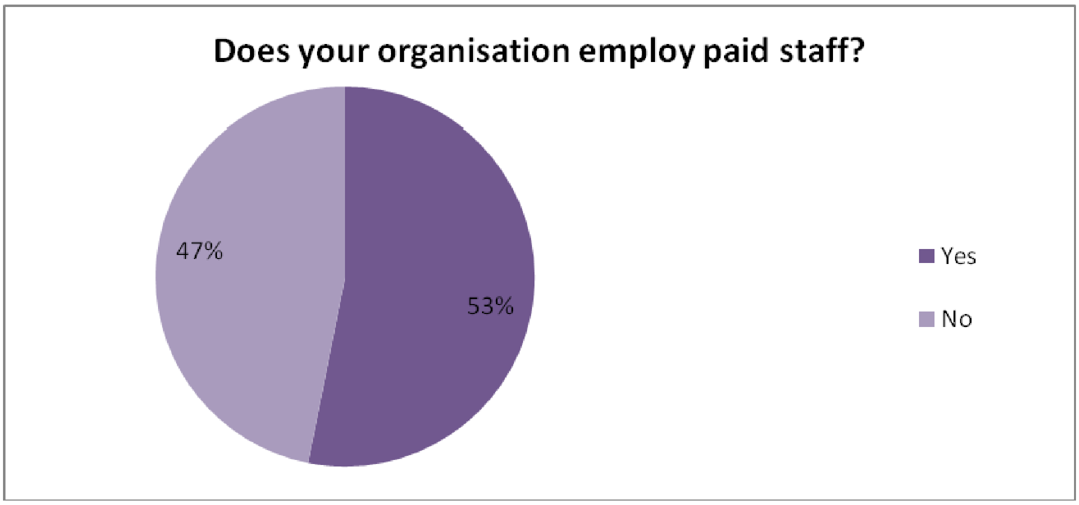

Chart 20.2 following shows the proportion of the different types of organisation that employ paid staff.

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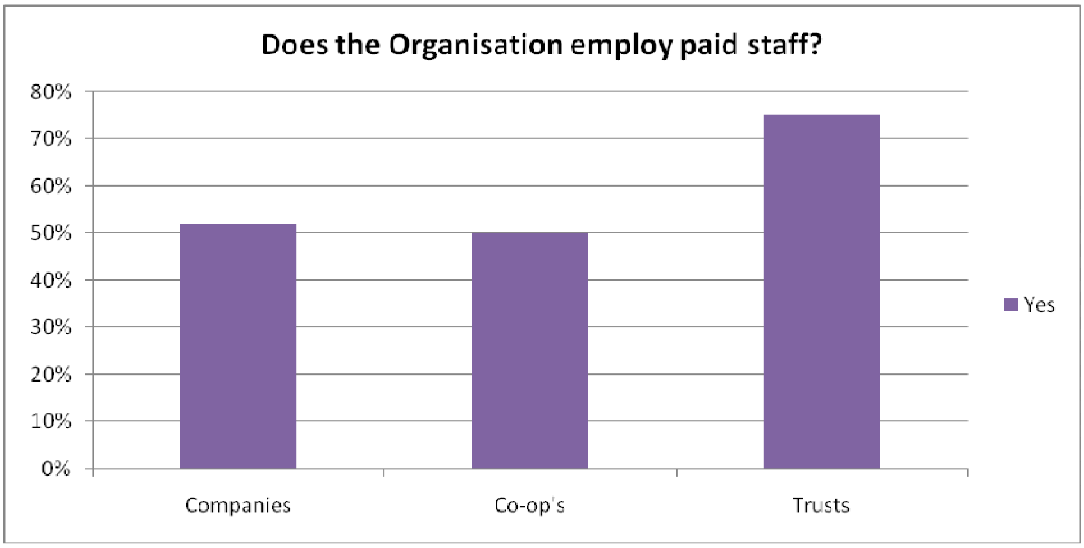
Chart 20.2



It can be seen that the proportion of companies limited by guarantee and co-operatives that employ paid staff is of the order of 50% or slightly below, while the proportion of trusts that employ paid staff is 75%.

Question 21: Numbers of paid staff

Table 21.1 following shows the average number of paid staff both in overall terms and by type of organisation for those entities who employ paid staff only. Please note that this is not the average number of staff per company, co-operative or trust that responded to the survey. It is the average number of staff among those companies, co-operatives and trusts that replied that they do employ paid staff.

Table 21.1
Paid staff

	Number of paid staff at present	Average number of paid staff - companies	Average number of paid staff – Co-op's	Average number of paid staff – Trusts
Number of full-time staff (paid)	31.4	36.6	4.2	10.0
Number of part-time staff (paid)	30.5	35.4	3.0	6.2
TOTAL NUMBER OF PAID STAFF	**61.9**	**72.0**	**7.2**	**16.2**

It can be seen that among those companies that employ paid staff, the number of full time paid staff and part time paid staff is quite high, at just 72 people in total, who are divided almost equally between full time and part time staff.

By way of contrast, the average co-operative employs 7.2 staff of which 3 are part time. Trusts employed 16.2 staff on average, of which 6.2 are part time.

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Question 22: Paid staff by activity

Chart 22.1 following shows that some 78% of paid staff across all the organisations are involved in the provision of service to people such as care services. The next highest is the 11% engaged in organisation management and administration, while just under 10% of staff are involved in new housing projects; operation, maintenance and upkeep of existing housing and forming part of an in-house design team. There is a very small number of paid fundraising staff.

Chart 22.1

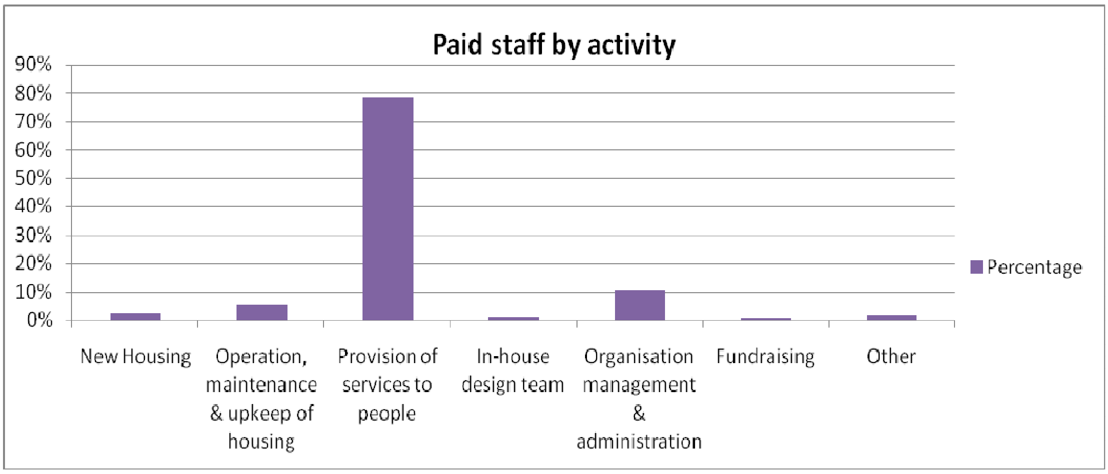
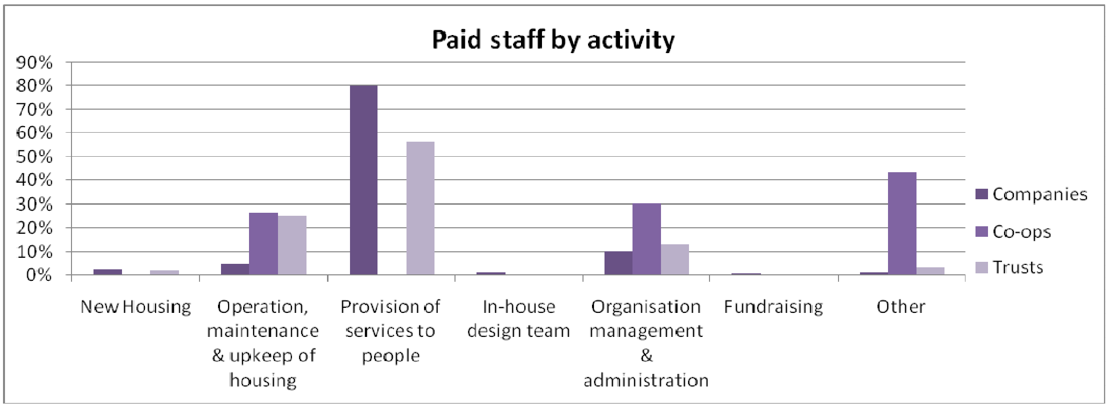


Chart 22.2 shows the paid staff by activity for the different types of organisations. It can be seen that there is a strong similarity between the companies and the trusts in that the majority of staff employed by them are engaged in the provision of services to people; namely 80% of paid staff in the case of companies and 56% in the case of trusts. Other paid staff in companies and trusts are engaged in the housing related activities and organisation management and administration. Trusts appear to provide a proportionally greater amount of paid staff for the operation, maintenance and upkeep of housing, compared to companies.

Chart 22.2



In the case of co-operatives, it can be seen that no paid staff are involved in the provision of services to people. Over 40% of co-operative paid staff are engaged in "other" activities; some 30% are engaged in organisation management and administration, while 25% are involved in the operation, maintenance and upkeep of the housing stock.

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Table 22.3 following shows the activity engaged in by paid staff described as "other" in chart 22.2.

Table 22.3
Profile of organisation with staff engaged in 'Other' activity:

	No. of staff in 'Other'	Legal Structure	Other explained	Housing Stock
1	6	Company Limited by Guarantee	Week End work serving meals	14
2	3	Trust	Care and Security of Home	4
3	1	Company Limited by Guarantee	Cleaner for Community Centre	196
4	2	Company Limited by Guarantee	Drivers	4
5	1	Company Limited by Guarantee	Tenant Liaison P/T	22
6	1	Company Limited by Guarantee	Volunteer coordinator	50
7	6	Company Limited by Guarantee	Instructors	6
8	1	Company Limited by Guarantee	Public relations	166
9	12	Co-operative Society	Childcare	682
10	1	Co-operative Society	Staff person is deployed across functions	10
11	1	Company Limited by Guarantee	Communications	26
12	1	Company Limited by Guarantee	PR	572
13	1	Company Limited by Guarantee	Field Officer	6
14	2	Company Limited by Guarantee	Domestic Supervisor, Chef	10
15	7	Company Limited by Guarantee		32
16	1	Company Limited by Guarantee	PR	2
17	1	Company Limited by Guarantee	Finance	12

It can be seen that in the case of a co-operative society with a dwelling stock of 682 units, that 12 staff are engaged in childcare. A company limited by guarantee has 6 staff engaged in weekend work serving meals to people, while one trust has 3 persons involved in the care and security of a home. In addition to these, one company limited by guarantee employs 6 instructors; one employs 2 drivers, and one employs 2 persons as a domestic supervisor and a chef respectively. Our review of table 22.3 indicates that many of the roles are in fact involved in the provision of services to people, though the respondents have not categorised them as "services to people".

Question 23: Full time managers

Respondents were requested to indicate if their organisations employ a full time manager. As shown in chart 23.1, 45% of the respondents have a full time manager.

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Chart 23.1

Interestingly, as shown in chart 23.2 following, co-operatives are more likely to have a full time manager, with 50% of co-operatives having such a post. In the case of companies the percentage falls to 45, while for trusts it is 38%.

Chart 23.2

Question 24: Length of time as manager

Chart 24.1 shows the length of time as manager and, in our view, there is a reasonable distribution in terms of the experience of persons in the managerial role.

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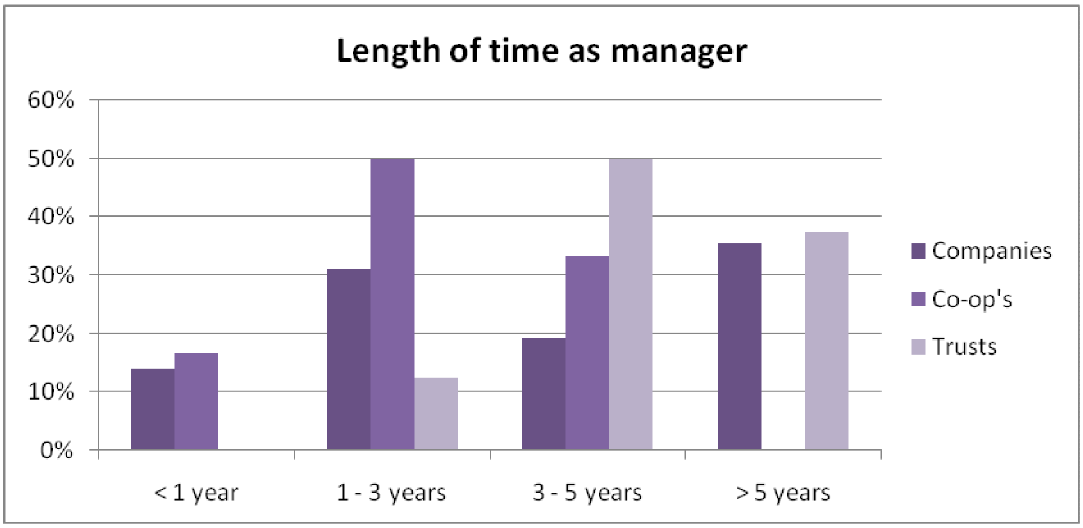
Chart 24.1

However, as shown in chart 24.2 following, there is a significantly different profile for co-operatives as opposed to companies and trusts.

Chart 24.2



It can be seen that in the case of co-operatives, of those organisations that have a full time manager, none have a manager who have been in this position for in excess of 5 years. In fact, 50% of the full time managers have been in their position for between 1 – 3 years. On the other hand, trusts and companies are fairly well spread across the time spans used in the question.

Question 25: Employment of unpaid voluntary staff

Respondents were requested to identify if their organisations have unpaid voluntary staff. It can be seen in chart 25.1 following that 55% of companies and 50% of trusts have unpaid voluntary staff, while no co-operative has this category of person working with them.

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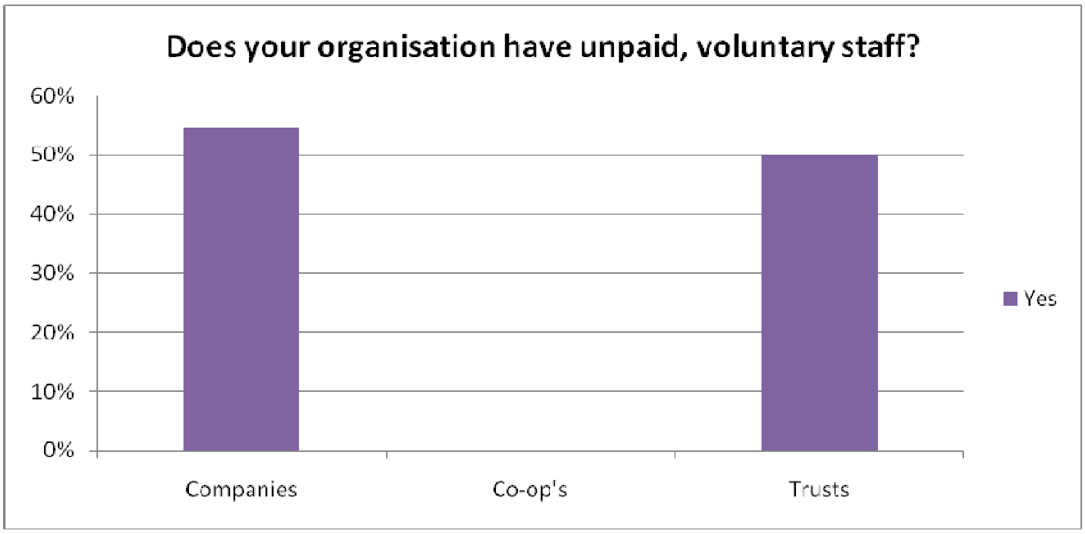
Chart 25.1



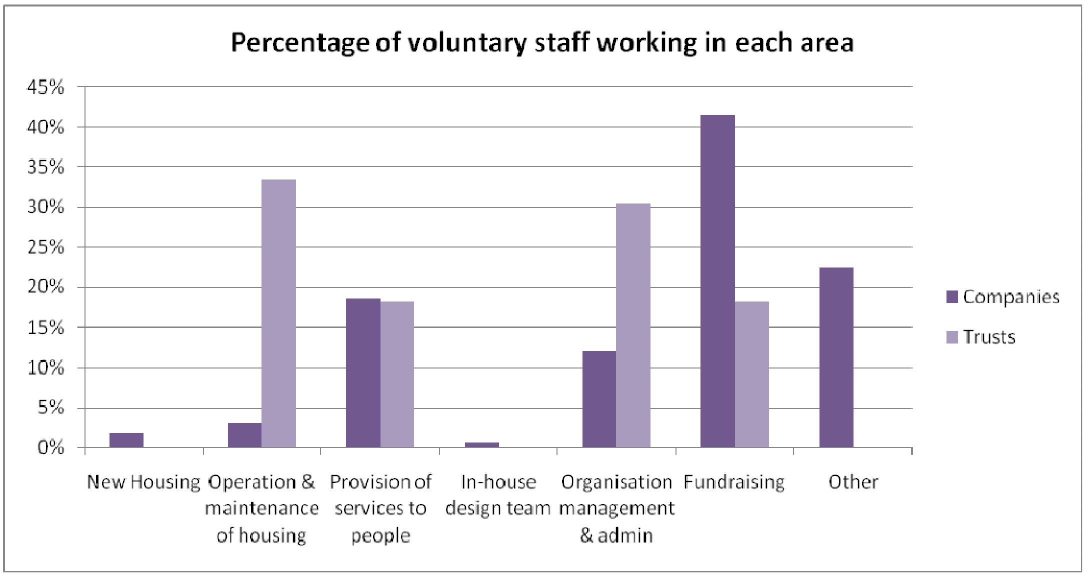
Question 26: Unpaid voluntary staff actively involved during 2008

The average number of unpaid voluntary staff actively involved during 2008 was 31. For companies, this was 32, while for trusts, this was 6. This question did not apply to co-operatives.

Question 27: Unpaid voluntary staff by activity

The activity in which voluntary staff are working with the different type of organisation is shown in chart 27.1 following.

Chart 27.1



It can be seen that for companies, the key use of voluntary staff is in the area of fundraising (at 42% of such staff) followed by "other" activities. Some 18% of companies' voluntary staff are engaged in the provision of services to people, with 12% in organisation management and administration. It can be seen that voluntary staff are generally involved in support activities such as fundraising to a greater extent than providing services to people.

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In the case of trusts however, the key use of voluntary staff is in the two areas of the operation and maintenance of housing and the organisation management and administration. Fundraising is also a very important activity for voluntary staff operating with trusts.

Question 28: Staff training and development plan

In overall terms, 33% of respondents have a written staff training and development plan.

In percentage terms, 50% of co-operatives have such written training and development plans, 35% of companies have them, while no trust that responded has such a plan.

Question 29: Training budgets

The overall average training budget per respondent was €21,198.

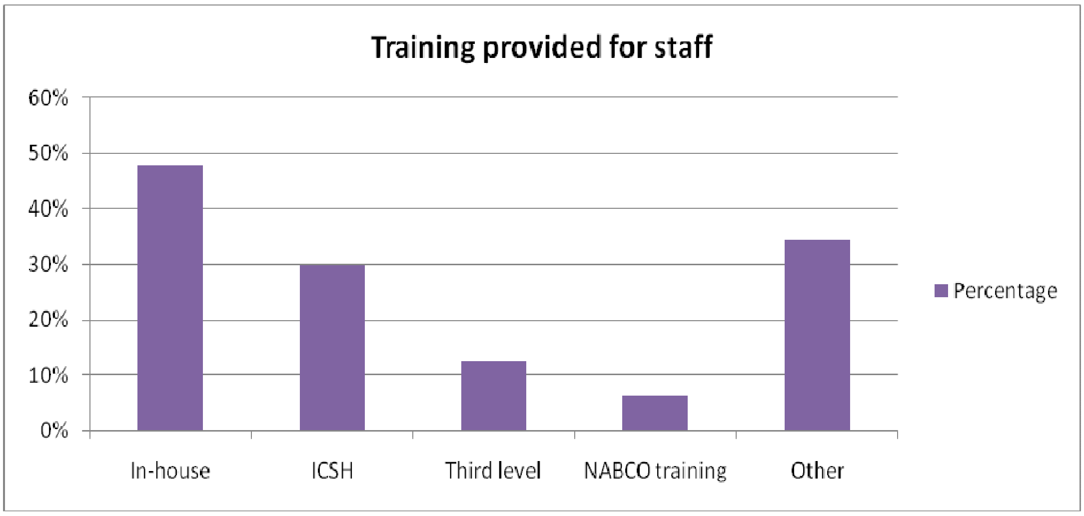
The training budgets for the different types of organisations that replied to the survey were as follows:

- Company €23,585
- Co-operative € 1,325
- Trust €16,800

Question 30: Provision of training

As shown in chart 30.1 following, the main mode of training delivery is in-house training carried out by the various organisations; followed by training provided by the industry body to which the individual organisations are members.

Chart 30.1



It should be noted that the percentages here add up to more than 100%, as all methods of providing training rather than the principal method were sought.

In terms of the individual organisations, it can be seen from chart 30.2 following that 80% of co-operatives use NABCO training; some 40% use in-house training; while some 30% use other forms of training. Some 10% of co-operatives also use ICSH and 3rd level training institutes.

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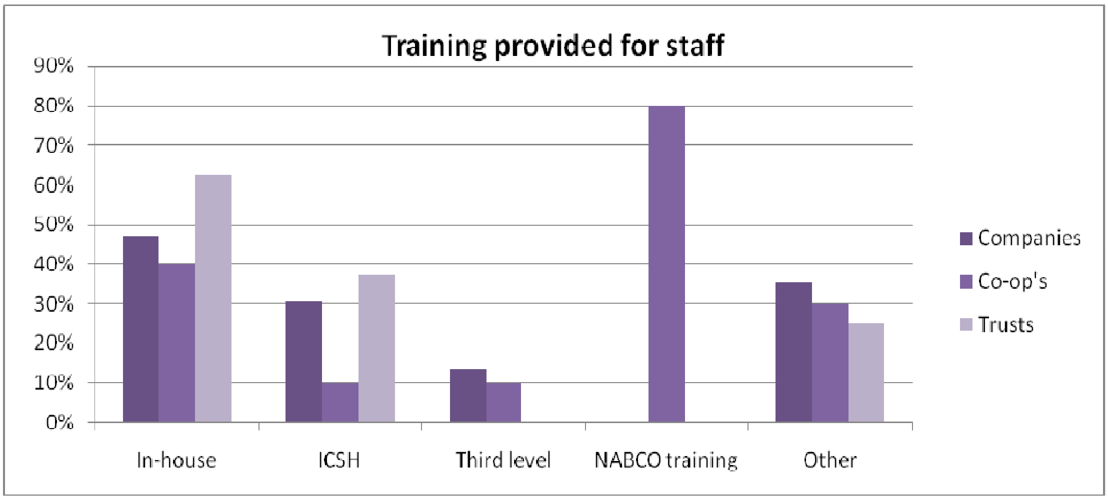
Chart 30.2



In the case of trusts, over 60% carry out in-house training; some 37% use the ICSH; while 25% use other sources of training.

In the case of companies, 47% carry out in-house training; 35% use "other"; 30% use the ICSH; and some 12% use third level institutes. In summary, a range of training deliverers are used.

Section 6 – Housing Stock

Question 31: Total housing stock

Table 31.1 following shows the total housing stock amongst the respondents at present.

Table 31.1
Total housing stock

	Capital Assistance Scheme (CAS)	Capital Loan and Subsidy Scheme (CLSS)	Other	Total
Number of houses (self-contained accommodation)	943	5245	368	6,556
Number of apartments (self-contained accommodation)	2,407	2,781	722	5,910
Number of units in group home / single units with shared facilities (non-self contained accommodation)	995	28	360	1,383
TOTAL NUMBER OF UNITS	**4,345**	**8,054**	**1,450**	**13,849**

It can be seen that in total the respondents have 13,849 dwellings, of which the majority, 8,054 units, have been funded under the Capital Loan and Subsidy Scheme (CLSS); 4,345 have been funded under the Capital Assistance Scheme (CAS); and the balance of 1,450 have been provided under other schemes.

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Of the total number of dwelling units, 6,556 are houses, being defined as self contained accommodations; 5,910 are apartments, while 1,383 are the number of units within group homes or single units with shared facilities. These latter units were defined as "non self contained accommodation".

Table 31.2 following shows the allocation of the housing stock by type of house and funding scheme.

Table 31.2
Percentage breakdown of housing stock

	Capital Assistance Scheme (CAS)	Capital Loan and Subsidy Scheme (CLSS)
Number of houses (self-contained accommodation)	22%	65%
Number of apartments (self-contained accommodation)	55%	35%
Number of units in group home / single units with shared facilities (non-self contained accommodation)	23%	0%

It can be seen that of the dwelling units provided under the CAS, some 55% are apartments; while the number of houses and the number of units in group homes are broadly similar at 22% and 23% of the total respectively. On the other hand, in the case of the CLSS scheme, some 65% of the stock is houses with apartments accounting for the other 35%. We should note that a very small number of units in group home or single units were shown in the responses as being funded under the CLSS, however, this number is a negligible percent of the overall total. In the case of other forms of funding, apartments account for 55% of the dwelling units provided, with houses and units in group accommodation being almost identical.

Table 31.3 shows the breakdown of the housing stock by source of funding and by the legal structure of the entity funded.

Table 31.3
Percentage breakdown of housing stock by legal structure

	CAS	CLSS	Other
Companies	27%	50%	5%
Co-operatives	0%	7%	0%
Trusts	4%	1%	5%
TOTAL UNITS	**31%**	**58%**	**10%**

In the first instance it can be seen that 58% of the dwelling units provided by the survey respondents were provided under the CLSS; 31% under the CAS, and the remaining 10% through other forms of funding.

The largest single source of dwelling units is the CLSS as applied by companies, which accounts for some 50% of all the dwelling units provided. The next is the CAS operated through companies which accounts for a further 27%.

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It can be seen that co-operatives operated solely under the CLSS while the dwelling units provided by trusts is divided almost equally between the CAS and other forms of funding.

Question 32: Occupancy levels

Respondents were requested to show how many dwelling units are currently occupied (as at November/December 2008). In overall terms 91% of dwelling units were occupied at the time of the survey.

The breakdown by type of entity was as follows:

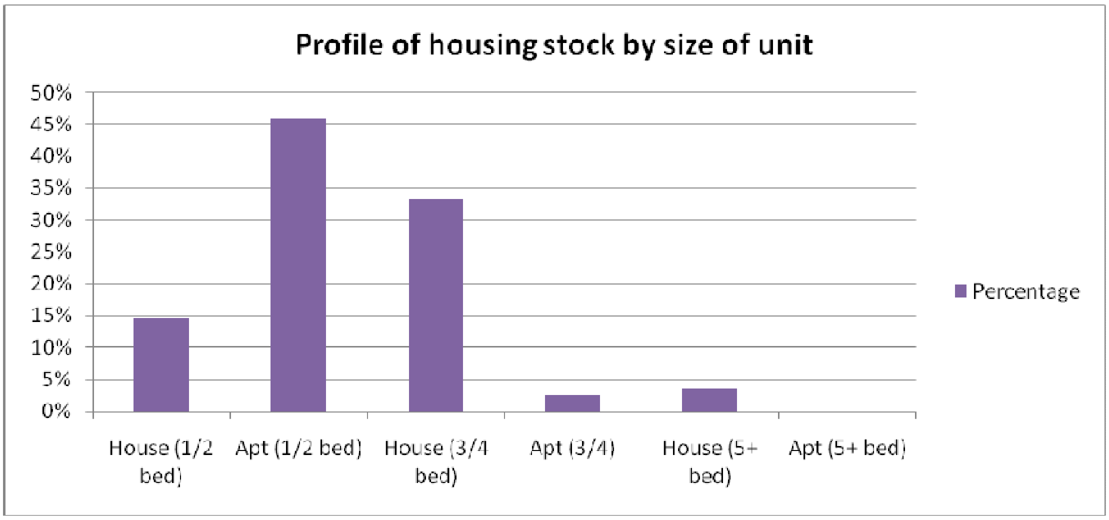
- Companies: 91% occupancy
- Co-operatives: 98% occupancy
- Trusts: 92% occupancy.

The occupancy levels for bodies other than co-operatives compare unfavourably with the average occupancy levels for local authority dwellings, which at end 2007 were estimated at 97.1%.

Question 33: Profile of housing stock by size of unit

The profile of the housing stock by size of unit is shown in summary terms in chart 33.1 following, and in terms of the different types of organisations in subsequent chart 33.2.

Chart 33.1



In total, some 60% of the dwelling units provided are 1 or 2 bedroom, made up of apartment (46%) and houses (14%). 3 or 4 bedroom dwellings account for 36% while just 4% of the units provided have 5 bedrooms or more.

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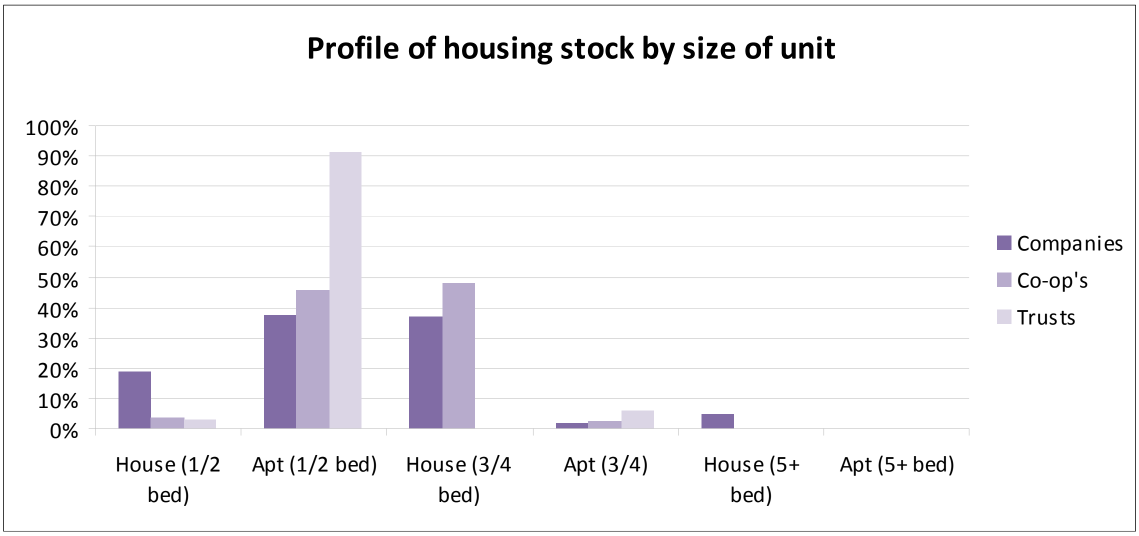
Chart 33.2



It can be seen from chart 33.2 that in the case of trusts the dominant form of housing stock is the 1/2 bedroom apartment, accounting for just over 90% of the dwellings provided by Trusts. The balance of units provided by trusts is in 1/2 bedroom houses and larger size apartments.

In the case of co-operatives, the two major forms of their housing stock are 1/2 bedroom apartments and the / 4 bedroom houses, accounting for almost 93% of the dwelling units provided by this type of entity. The balance are to be found in 1/2 bedroom houses or 3/ 4 bedroom apartments.

The distribution of dwellings is broader in the case of companies, with some 37% of these dwelling units being provided by way of 1/2 bedroom apartments; some 36% being provided by way of 3/4 bedroom houses; with almost 20% being provided by way of 1/2 bedroom houses. The companies also provide very limited numbers of larger apartments and houses.

In essence, chart 33.2 indicates that trusts are very focussed on one type of dwelling, apartments; co-operatives focus on standard size apartments and houses, whereas companies provide a broader range of dwelling units.

Question 34(a): Total number of housing schemes

In total the respondents accounted for 642 housing schemes.

Question 34(b): Housing schemes with communal facilities

In total some 56% of the housing schemes provided by the various organisations have communal facilities.

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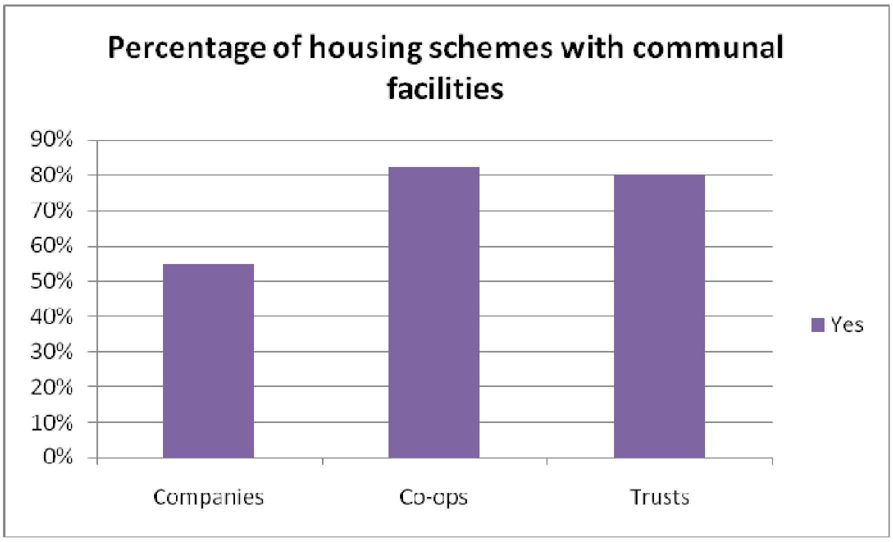
Chart 34(b).1



It can be seen from chart 34(b).1 above that, in the case of co-operatives, a very high percentage (in excess of 80%) have communal facilities, while the relative percentage for trusts is 80%.

In the case of companies, just 55% of housing schemes have communal facilities.

Section 7 – Tenant profile

Question 35: Occupancy by family unit

In overall terms, according to the responses to the survey, 83% of the housing stock is currently accommodating family units.

By different type of organisation this breaks down as follows:

- Companies: 72% of housing stock accommodates family units;
- Co-operatives: 98% of housing stock accommodates family units; and
- Trusts: 74% of trust housing stock is accommodating family units.

Question 36: Length of tenancy

Chart 36.1 following shows that 9% of the dwelling units have been occupied by the current tenants for a period of less than 1 year.

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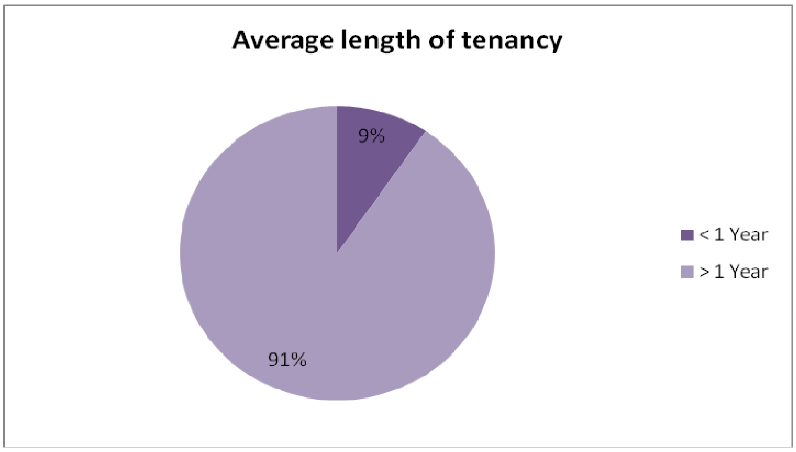
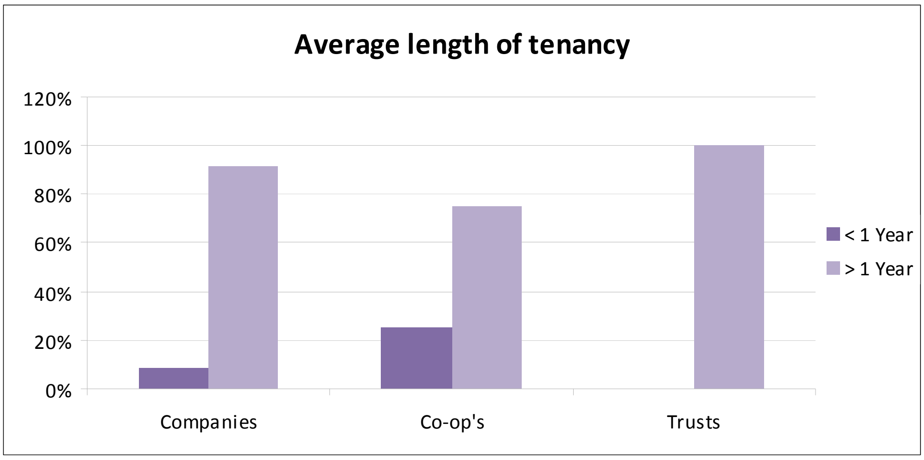
Chart 36.1



It can be seen from chart 36.2 below, that in the case of trusts; none of the tenants have a tenancy of under 1 year at present. I the case of co-operatives, some 24% of tenants have been in situ for a period of less than 1 year, while in the case of companies, 9% of tenants have occupied a dwelling for less than 1 year.

Chart 36.2



Question 37: Tenant profile

Table 37.1 following shows a tenant profile in overall terms and by the different types of providers.

Table 37.1

Tenant profile percentage breakdown

	Proportion of tenancies	Companies	Co-op's	Trusts
Single person	59%	58%	60%	66%
2 or more adults with children	36%	38%	27%	19%
2 or more adults without children	6%	4%	12%	15%

In overall terms it can be seen that 59% of the tenants are single people, while adults with children account for 36% with 2 or more adults without children accounting for 6% only.

The tenant profile for single persons for the providers is broadly comparable, ranging from 58% for companies to 66% for trusts. It can be seen therefore that the focus of the voluntary and co-

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operative bodies providing dwellings for a single person is fairly consistent across all types of organisation.

However, voluntary bodies in the form of companies provide a significantly higher proportion of dwelling units for family units comprising adults with children, with co-operatives providing slightly less and the trusts providing less again. It can be seen from table 37.1 that trusts, and to a lesser extent, co-operatives, provide a greater proportion of dwelling units to adults without children. Typically we would expect these to be elderly or retired people.

Question 38: Proportion of tenancies with no persons in paid employment

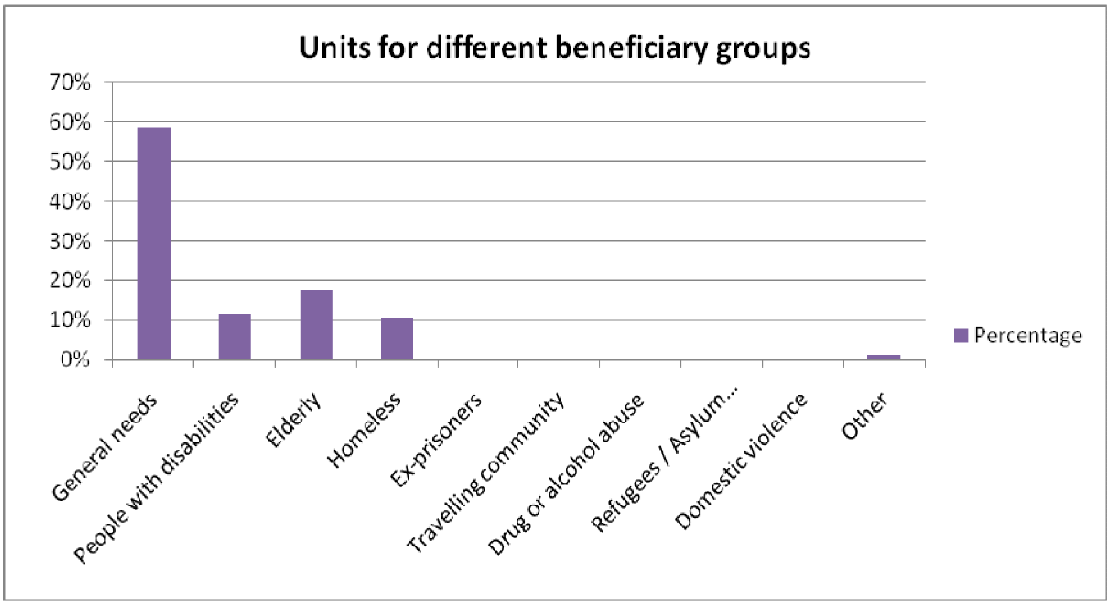
The survey respondents show that 70% of the dwelling units provided by the voluntary and co-operative housing sector are currently occupied by households wherein no person is in paid employment. This would include both unemployed persons as well as retired persons.

Section 8 – Delivery on Social Housing Needs

Question 39: Beneficiary groups

Chart 39.1 following shows the number of units provided for different beneficiary groups.

Chart 39.1



From chart 39.1 it can be seen that some 58% of the housing units provided by the voluntary and co-operative sector are to persons with general needs. The balance of dwelling units is provided for persons with particular needs, including the elderly (17%); persons with disabilities (11%), and homeless persons (10%). A small number of units are provided for groups such as ex-prisoners and victims of domestic violence. However, it can be seen that predominantly housing units are provided to people that have no special needs.

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Chart 39.2

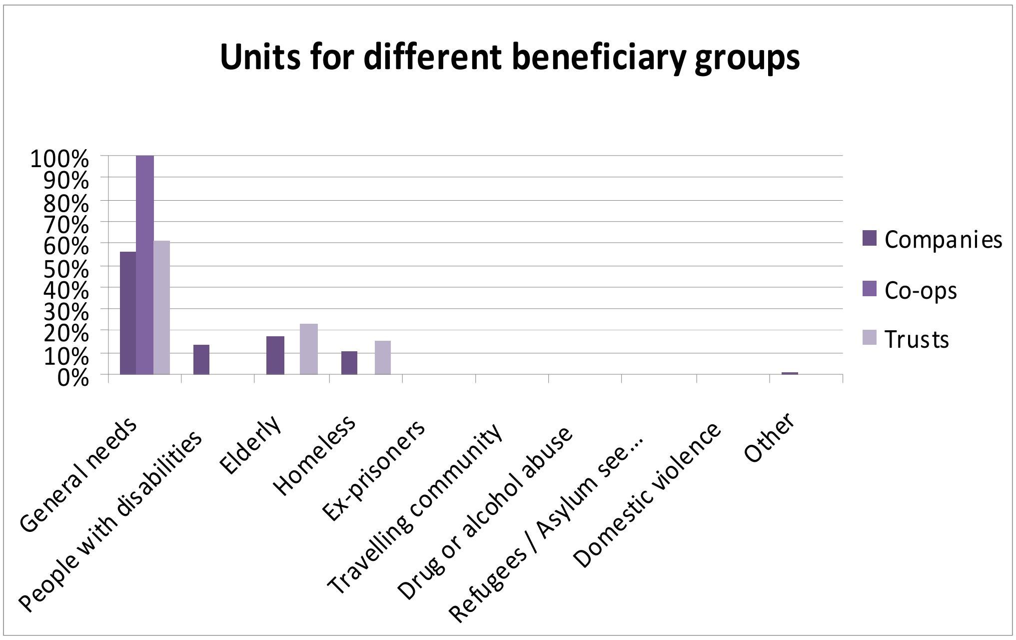


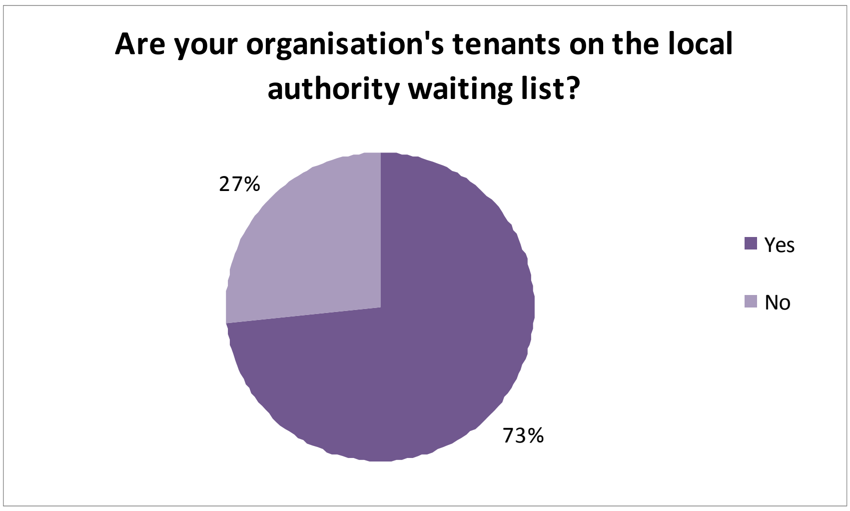
Chart 39.2 shows the beneficiary groups by the different types of providers. It can be seen that in the case of co-operatives, all houses are provided to people with general needs. In the case of companies, some 55% of dwellings are provided to people with general needs, with the balance being provided to persons with disabilities, the elderly and the homeless.

In the case of trusts, approximately 60% are provided to persons with general needs, while trusts focus on providing accommodation to the elderly and the homeless only.

Question 40: Target groups

It can be seen from chart 40.1 following that 73% of the organisations' tenants across the board were previously on a local authority waiting list.

Chart 40.1



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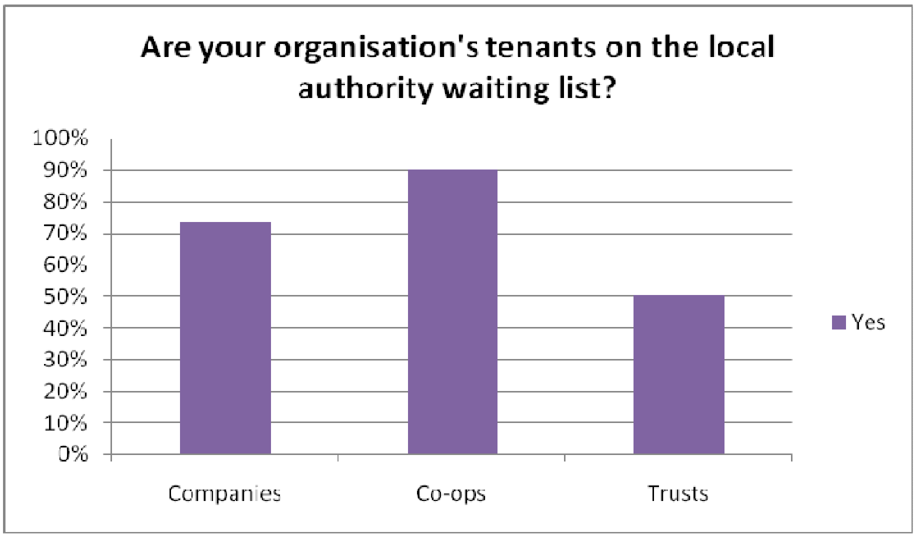
However, as shown in chart 40.2 following, this varies depending on the type of organisation.

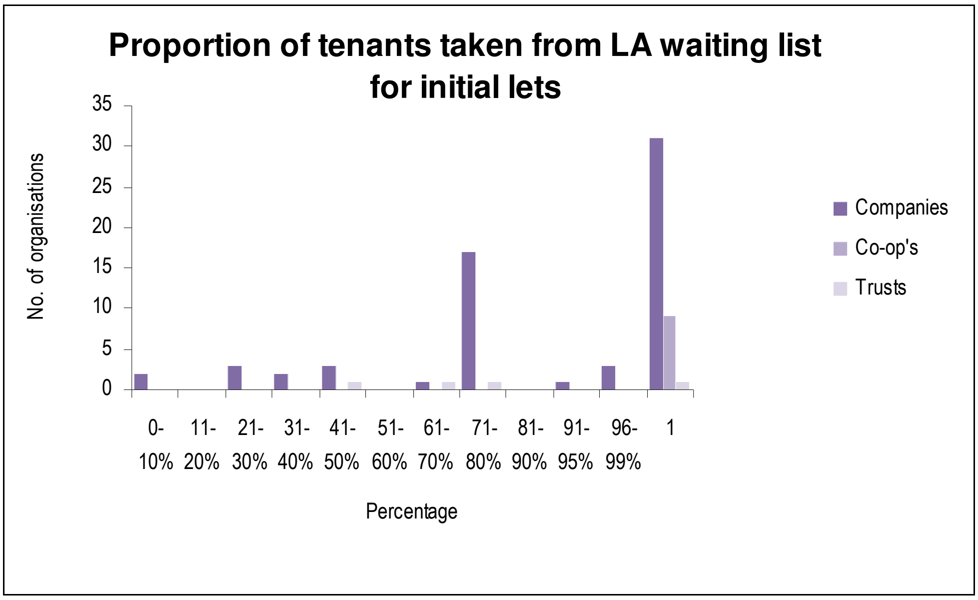
Chart 40.2



It can be seen from the chart above that in the case of co-operatives 90% of the persons housed came from the local authority waiting list. In the case of companies this is 74% while for trusts the numbers of occupants from local authority waiting lists falls to 50%.

Question 41: Proportion of tenants taken from local authority waiting lists

Chart 41.1



It can be seen that the number of organisations that do not take 100% their initial tenants from local authority waiting lists is quite modest except for those who source between 70% and 80% of their tenants from these lists. The case is similar with re-lets as shown overleaf.

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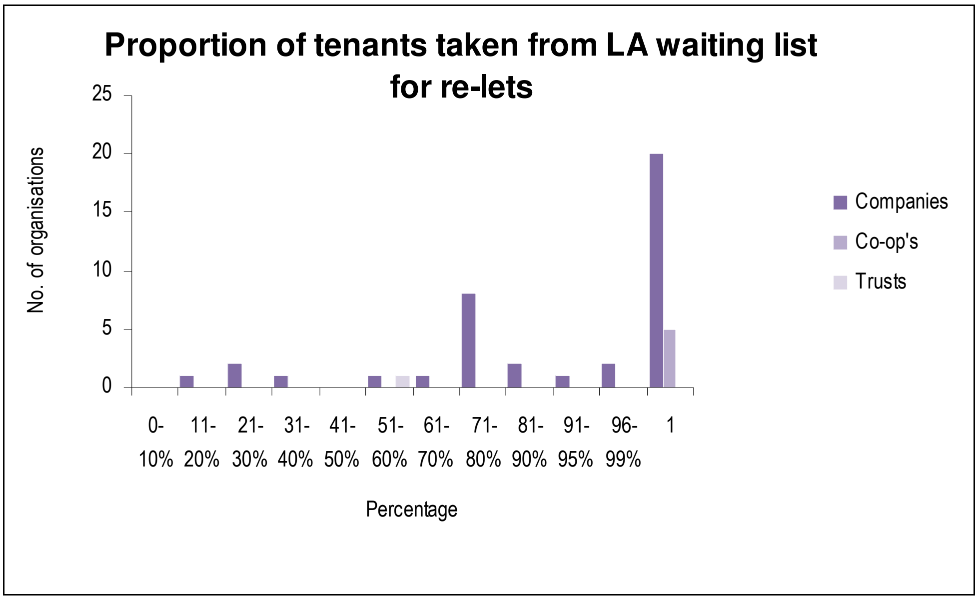
Chart 41.2

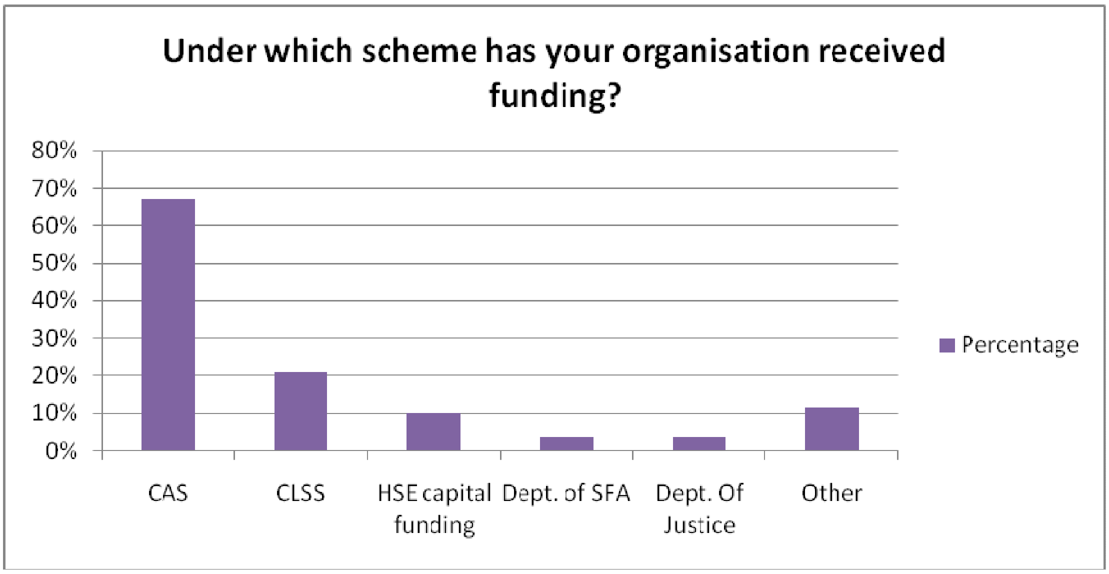


Section 9 – Capital funding

Question 42: Funding schemes

Chart 42.1 following shows the frequency by which the different organisations use the different funding schemes.

Chart 42.1



It can be seen that 67% of respondents receive funding under the CAS, whereas 21% receive funding under the CLSS. This contrasts with the data shown in table 31.3, wherein it was seen that 58% of the housing stock in total has been funded under the CLSS, while 31% of the housing stock has been funded under the CAS. It appears therefore that CAS is the most frequently used form of funding, but that in terms of dwelling units provided, the CLSS has been of much greater

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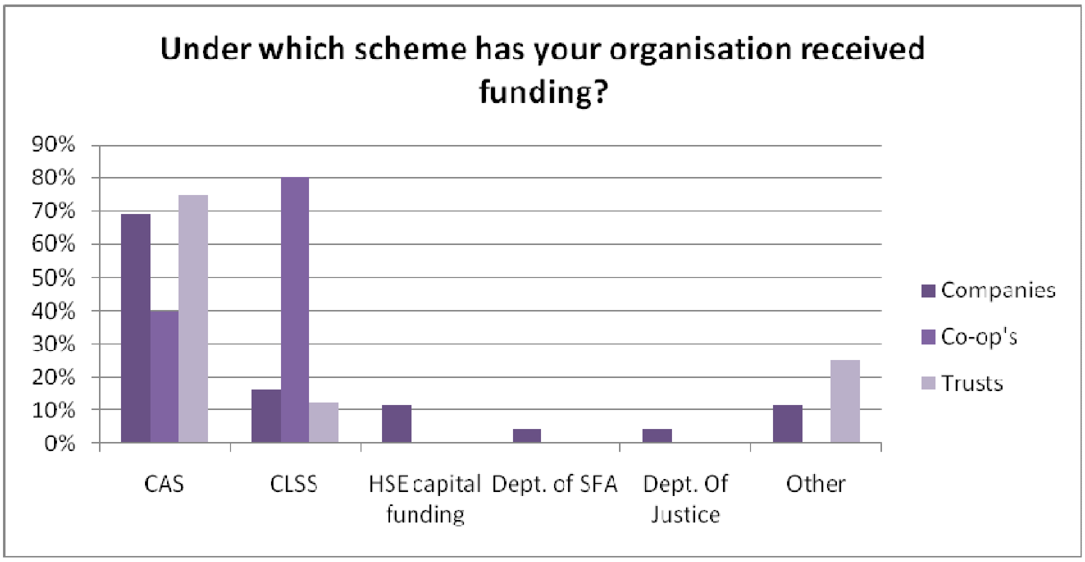
importance. It can be seen that HSE capital funding, Department of Social & Family Affairs, and Department of Justice funding has also been used by a number of organisations.

The number of organisations using these alternative means of funding is shown in chart 42.2 following.

Chart 42.2



In terms of frequency, voluntary bodies that are companies have used the CAS to a very substantial extent but have also used the CLSS, HSE Capital Funding, the Department of Social and Family Affairs, the Department of Justice, as well as other forms of funding. It is evident therefore that although the frequency of use of funds other than the CAS is relatively modest, nonetheless the range of funding sources tapped into by companies is relatively extensive.

Chart 42.2 shows that co-operatives have confined their funding to the two schemes, namely the CAS and CLSS, and the bulk of co-operatives have used funding under both of these schemes. Similarly, trusts have used the CAS and CLSS to a very large extent, though they have provided some funds under the "other" category.

Question 43: Adequacy of funding under the Capital Funding Schemes (CAS and CLSS)

Key criticisms by respondents were:

- More funds are needed.
- Funds are not sufficient to meet demand at current time.
- The CAS scheme does not allow adequate funding for communal facilities.
- The CLSS scheme does not allow for high quality specifications to be used.
- The approvals process and administration is unnecessarily cumbersome.

Key positives were:

- "Received funds efficiently and to the full amount requested."

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- Levels of funding under CAS are positive, especially in the current recession. Tender prices are coming back to much more competitive levels, therefore the sector is getting better for money and output should increase.
- Capital Assistance Scheme will now provide 100% funding for approved projects, which is very beneficial.
- CAS has been very adequate to meet the cost of purchase and renovations of houses.

Question 44: Ease of access to, and usage of funding under the Capital Funding Schemes (CAS and CLSS)

Direct quotes of key criticisms were:

- Tends to be a lengthy process.
- The process of bringing scheme from inception to delivery is tedious and time consuming and requires both a lot of commitment and dedication from both directors and staff before scheme is delivered.
- Access to the Capital Funding Scheme is cumbersome and overly bureaucratic. In terms of usage, the use of funding could be better targeted with clear reference to housing need and also to achieve better value for money. The new assessment procedures will do little to improve the mechanism for accessing capital funding as a two tier assessment process will still be the norm for a large part of our programme. We feel that the long term solution is for a limited number of 'accredited' housing associations to have direct access to the Housing Finance Agency. This 'accreditation' will need to be sufficient to address any concerns that the Department might have in terms of demonstrating good governance, propriety and professionalism in how the organisation carries out its development and housing activities. If these concerns can be addressed then direct access will have the benefit of overcoming many of the current obstacles to the speedy and efficient determination of funding applications.
- Access and process is complicated and slow moving involving local authority officials in the relevant local authority and Department of Environment officials in Dublin and Ballina. The scheme is not suited to Part V agreements requiring prompt payment.

Key positives were:

- More then satisfactory - Mayo County Council have provided valuable assistance in this regard.
- Access through the local authorities in Longford is very good - all applications for CAS funding are processed promptly.
- Received very good advice and assistance from Cork County Council.
- Very accessible.

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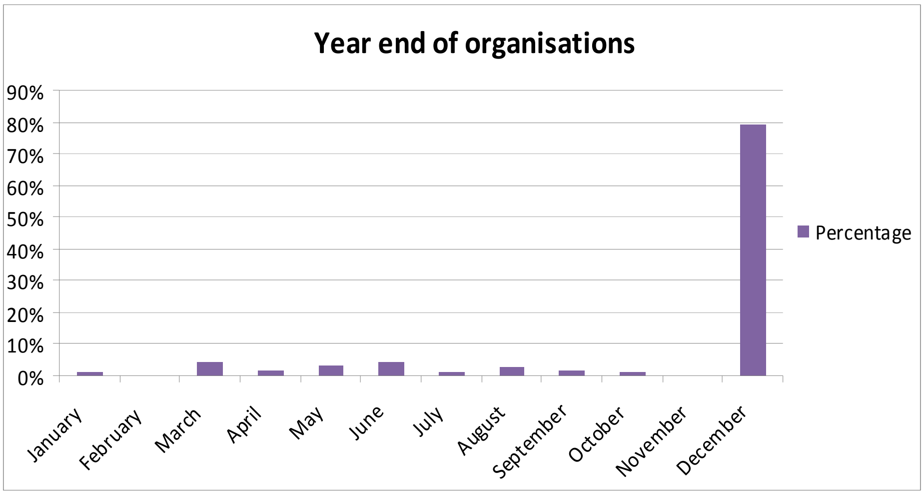
Section 10 – Income/expenditure

Question 45: Financial year end

As shown in chart 45.1 following, the majority of housing bodies have a December financial year end.

Chart 45.1



Question 46: Income per respondent

Table 46.1 following shows the average income per respondent who provided information in respect of income.

Table 46.1
Average income per respondent

	Financial Year 2007 €	Estimated for 2008 Financial Year €
Rental Income (from tenants)	4,575	5,298
Rental Accommodation Scheme (RAS) from the Local Authority	1,641	1,481
Management and maintenance allowance from Department of Environment, Heritage and Local Government / Local Authority	8,620	10,167
Current funding from HSE for (e.g. care supports, rental supplement)	63,941	77,190
Charges to tenants other than rent	3,951	3,923
Other Income (including Retail Income, Fundraising, Donations, Bequests, etc)	7,774	11,017
TOTAL INCOME	**90,502**	**109,076**

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It can be seen that the key source of funding, accounting for over 70% of income in both of the last two financial years, is the current funding provided by the HSE for activities such as care support, rental supplement and suchlike. Management and maintenance allowances from the Department of the Environment, Heritage & Local Government, paid through the relevant local authority, accounts for just under 10% of funding, as is other income such as retail income, fundraising, donations and/or bequests.

The rental income provided by tenants and income under the rental accommodation scheme are a relatively small part of total income.

Question 47: Determining rent for CAS tenants and CLSS tenants

Means of determining rents for CAS tenants include:

- On the basis of their income
- Rent is based on the ICSH recommendation based on best practise for the sector
- This is calculated on the local Authority differential rent scheme. It is usually 15% of the tenants income
- Rent basis pre-dates CAS funding scheme. Annual rent increases agreed by trustees on this historic basis
- The rents charged in respect of co-operative CAS dwelling are based on the household income circumstances of the member/tenant.

Ways of determining rent for CLSS tenants include:

- Means test
- Differential rent
- Recommended rate for ICSH
- Rents set at 15% of net household income, reviewed annually based on previous years' household income.
- Rents are calculated in accordance with terms of the department memorandum providing a formula for fixing rents according to the household income of the member.

Question 48: Rent collection

As shown in chart 48.1 following, direct debit is the most commonly used from of rent collection, followed by the category of “other”.

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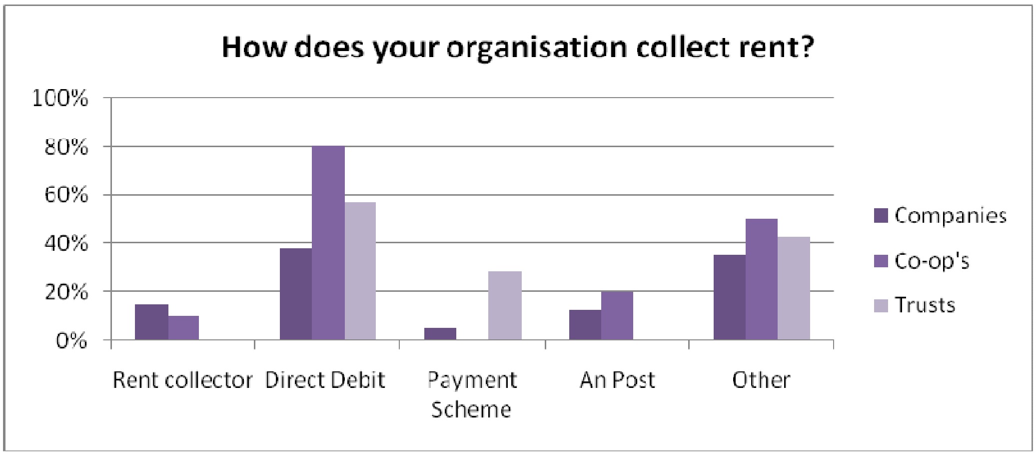
Chart 48.1



A variety of other payment schemes including rent collectors, An Post etc. are also in use.

Question 49: Average expenditure per respondent

We should point out that of the respondents who submitted completed questionnaires, only half provided financial information. The following expenditure profile, as shown in table 49.1 below, is therefore a composite made up of the limited information provided by respondents. We did however secure the annual accounts as registered with the Companies Registration Office for a sample of voluntary bodies, and we found that the typical profile from those accounts matched that shown hereunder to a reasonable extent. Consequently, although the information is quite limited, we are satisfied that the profile shown in table 49.1 is a reasonable portrayal of the average voluntary and co-operative body.

Table 49.1

Current average expenditure per respondent

	Financial Year 2007 €	Estimated for 2008 Financial Year €
Salaries & wages	1,492,630	1,320,516
Housing-related expenditure[7]	237,088	252,016
Administration and overhead costs	214,310	168,423
Other expenditure	193,985	202,715
Dividends Paid	1,973	2,000
TOTAL EXPENDITURE	2,139,986	1,945,671

It can be seen that the key item of expenditure in both years is salaries and wages, this related primarily to care staff and people providing services to residents.

Administration and overhead costs are relatively low at just 10% in 2007, and falling below that in 2008.

[7] Examples include Caretaking, Repairs & Maintenance and Housing Estate Management

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Question 50: Funds raised to cover extra costs for communal facilities

Funds are raised by a variety of means, including:

- Events arranged by voluntary fundraising committee
- Cost of providing communal welfare facilities are met by funding allowance in capital loan and subsidy scheme.
- HSE funded
- Loan Finance and private borrowings
- Any funds required are raised by the local community.

Question 51: Source of funding of on-going care / support elements

Answers to this question included:

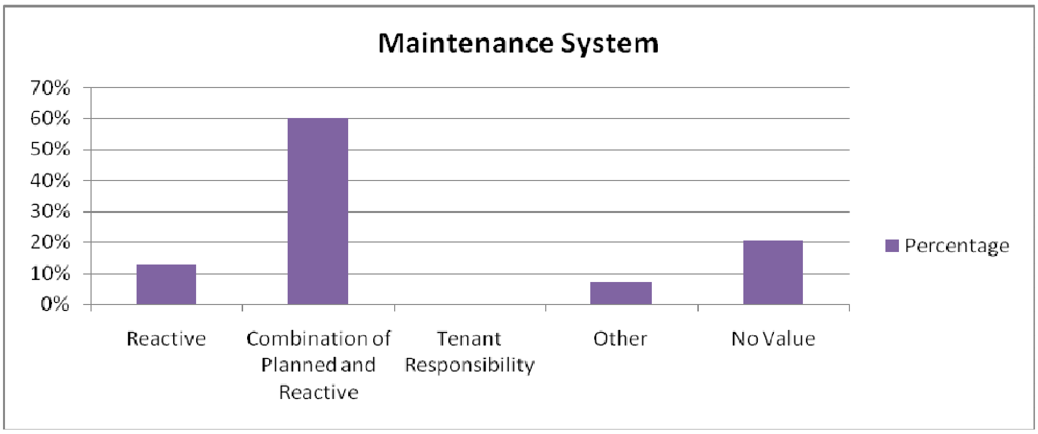
- National Lottery, HSE grant, SEHB grant, Donations & Fundraising events (ongoing)
- Housing co-operatives are not involved in providing ongoing/ onsite care and support services.
- Statutory grants, mainly HSE, and fund raising activities
- Donations from clients
- HSE funding

Section 11 – Caretaking, repairs & maintenance

Question 52: Repair and maintenance practice

Almost 60% of the respondents carry out housing maintenance under a combination of planned and reactive maintenance. This is shown in chart 52.1 following.

Chart 52.1



Planned maintenance is the process involving periodic inspection of dwellings, and drawing up a list of works that need to be done such as painting of windows, replacement of gutters etc. Reactive maintenance is the type of maintenance that responds to calls and is very often used where faults of an electrical or plumbing nature occur. This is particularly so where there is a threat of fire or fear of flood arising from the fault. Some 30% of respondents provided no answer to this question,

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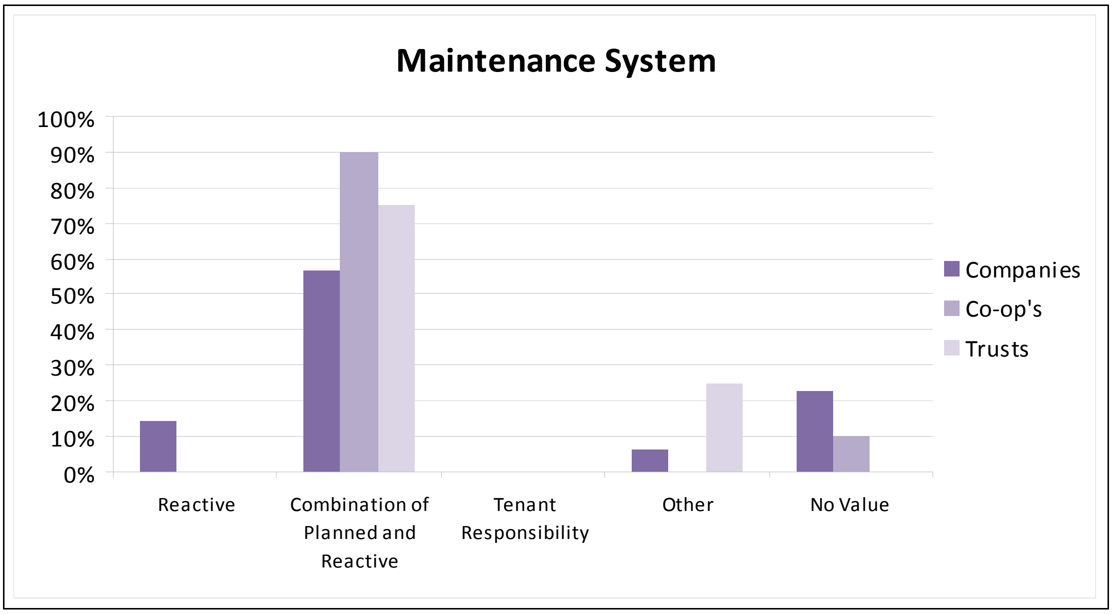
while 12% said that they follow the purely reactive form of maintenance, i.e. responding to faults and problems only when they become evident.

Chart 52.2 following shows that the combination of planned and reactive is more reactive among co-operatives, and less so among companies, who are the only type of organisations to rely on active maintenance, and also who did not provide a response to this question.

Chart 52.2



Question 53: Treatment of vacant properties

90% of co-operatives claim that they inspect and repair a unit when a tenant vacates the property. The level of such activity on the part of trusts is quite high at 86%. However, only 65% of companies say that they inspect and repair a unit when the tenant vacates the property.

Question 54: Scope of tenants' responsibility of caretaking, repairs and maintenance

Answers included:

- Wear and tear
- Cleaning and maintaining tidy standard and repairs due to abuse or misuse of any part of the property
- Internal breakages and decoration
- Cleaning, internal decorating and small repairs to internal fittings and window glass.
- General up keep of their living quarters.

Question 55: Do you have a sinking fund for caretaking, repairs and maintenance

47%, less than half of all companies maintain a sinking fund to be used to address property related issues. The prevalence of sinking funds ranges from 80% amongst co-operatives, to 50% for trusts and 44% for companies.

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Question 56: Do you use third party management companies?

Only 8% of respondents say that any of their properties are managed by a third party, and all the respondents reply in the positive to this question were companies limited by guarantee.

Question 57: Do you provide management services to other housing providers?

4% of the respondents stated that they provide management services to other housing providers. The type of company providing management services is shown in table 57.1.

Table 57.1

Profile of 'Yes' respondents:

	Legal structure	Housing stock
1	Company Limited by Guarantee	82
2	Company Limited by Guarantee	24
3	Company Limited by Guarantee	200
4	Company Limited by Guarantee	74
5	Company Limited by Guarantee	338
6	Company Limited by Guarantee	190
7	Company Limited by Guarantee	116
8	Company Limited by Guarantee	379
9	Company Limited by Guarantee	0
10	Company Limited by Guarantee	489
11	Company Limited by Guarantee	74
12	Company Limited by Guarantee	282
13	Company Limited by Guarantee	306
14	Co-operative Society	291

It can be seen that by and large the organisations that provide management services to other housing providers are themselves relatively substantial owners of dwelling stock, with only 5 of the 14 companies that provide such services having less than 100 houses in their estate. It is evident therefore that the larger voluntary and co-operative bodies have the capacity and the capability to provide outsource management services. All the providers of management services are companies limited by guarantee with the exception of one co-operative society.

Section 12 - Policies, practices and procedures for housing management

Question 58: Written procedures

Respondents were asked to indicate if their organisation had written policies and procedures in respect of a range of activities which are shown in chart 58.1 following.

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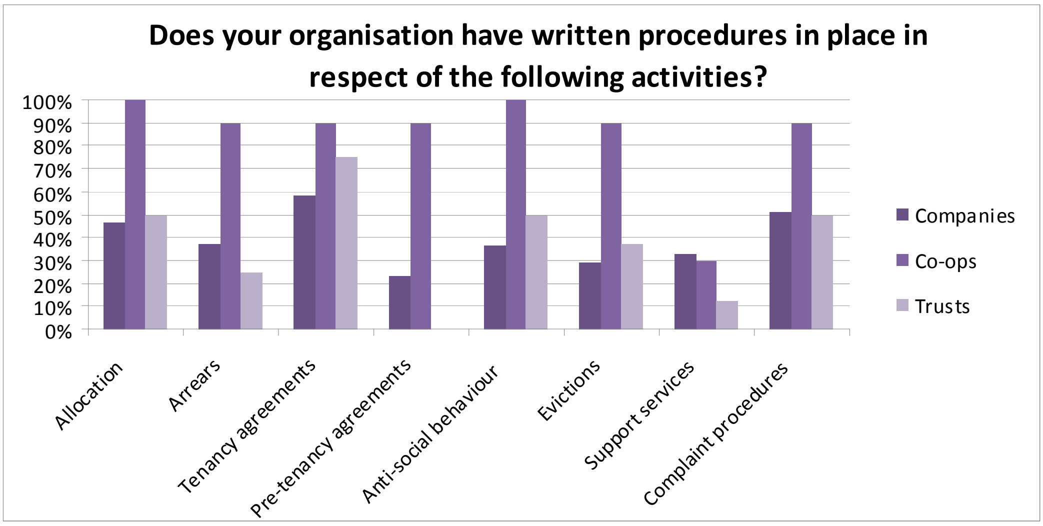
Chart 58.1



It can be seen from chart 58.1 that in excess of 80% of co-operatives claim to have written procedures in respect of housing allocation; dealing with arrears; tenancy agreements; pre-tenancy agreements; anti-social behaviour; evictions and complaint procedures. It is only in the area of support services that co-operatives tend not to have written procedures.

In relation to trusts, there is only one activity, namely tenancy agreements, where trusts, for the most part, have written procedures. Approximately 50% of trusts have written procedures in respect of complaints and anti-social behaviour, while just over 40% have written procedures in relation to allocation.

However, companies limited by guarantee do not have written procedures to the same extent as the other types of organisations, the most prevalent among companies being tenancy agreements, followed by complaint procedures. In many other cases companies have fewer procedures than co-operatives.

Section 13 – Membership of industry body

Question 59: Membership of industry representation organisation

Respondents were asked to identify which organisation they are members of. The responses are as shown in chart 59.1.

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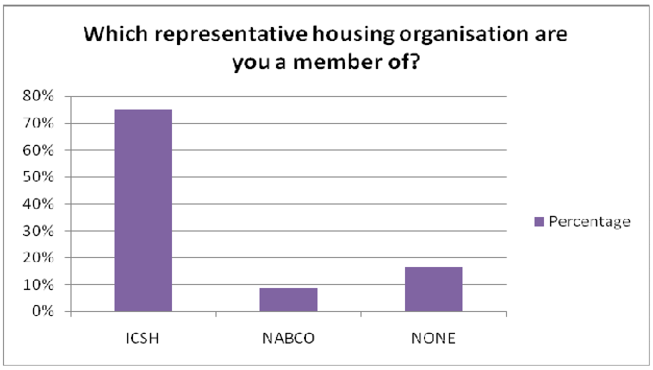
Chart 59.1



19 organisations stated that they were not members of either representative body, and these are shown in table 59.2 following.

Table 59.2

Profile of 'None' respondents:

	Legal structure	Housing stock
1	Company Limited by Guarantee	23
2	Company Limited by Guarantee	11
3	Company Limited by Guarantee	0
4	Company Limited by Guarantee	34
5	Company Limited by Guarantee	1
6	Company Limited by Guarantee	13
7	Company Limited by Guarantee	0
8	Company Limited by Guarantee	14
9	Company Limited by Guarantee	1
10	Company Limited by Guarantee	4
11	Company Limited by Guarantee	39
12	Company Limited by Guarantee	21
13	Company Limited by Guarantee	33
14	Company Limited by Guarantee	0
15	Company Limited by Guarantee	14
16	Company Limited by Guarantee	26
17	Company Limited by Guarantee	55
18	Trust	27
19	Trust	18

It can be seen that 17 companies and 2 trusts are not members of any representative body. While some 6 of these 19 are relatively small, i.e. having a housing stock of less than 10 units, many of them are medium sized and may benefit from membership of the representative body.

Question 60: Length of membership with representative housing organisation

The average respondent was a member of the relevant housing organisation body for 8.7 years.

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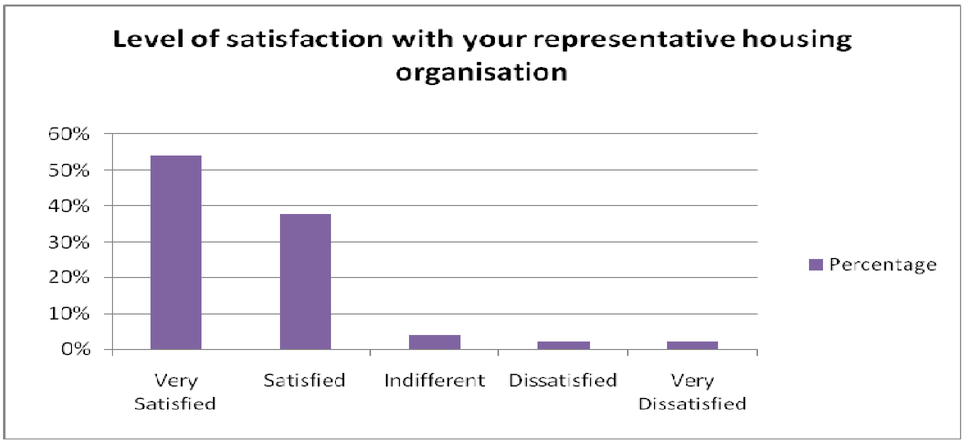
Question 61: Satisfaction with representative body

The level of satisfaction amongst the organisations with the representative body is shown in chart 60.1 following.

Chart 60.1

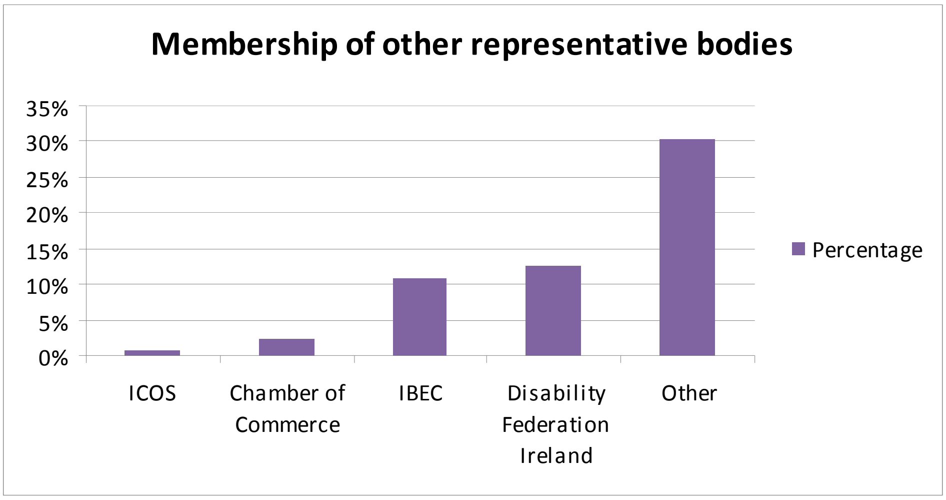


It can be seen that over 90% of the members indicated that they are very satisfied or satisfied with the representative body, with the numbers who are indifferent or dissatisfied being evenly spread over the other categories.

Question 62: Other memberships of representative bodies

Chart 62.1 below shows other memberships on the part of voluntary and co-operative bodies.

Chart 62.1



It can be seen that of the order of 10% or fewer are members of designated bodies such as Disability Federation of Ireland; IBEC; Local Chamber of Commerce, and the Irish Co-operative Organisation Society (ICOS).

In chart 62.2 below, we show the membership of these bodies by the different types of organisations.

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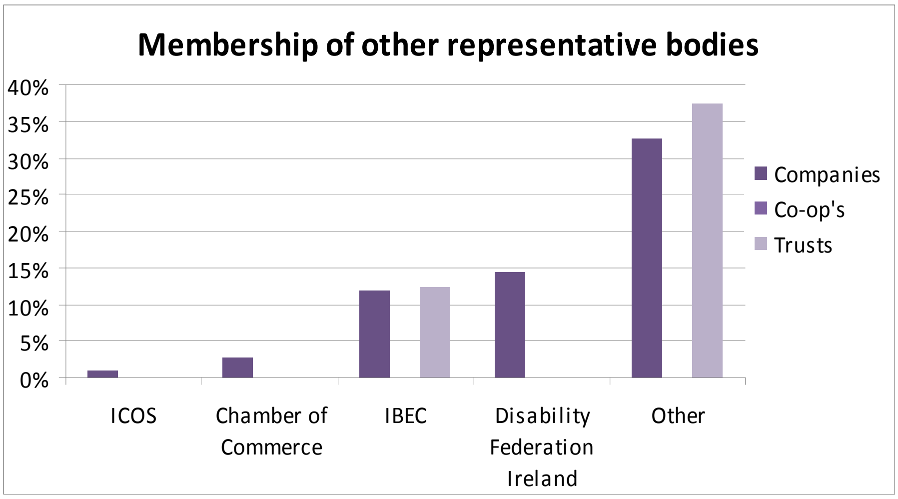
Chart 62.2



It can be seen that companies are members of various representative bodies including Chambers of Commerce, IBEC and the Disability Federation of Ireland. Some trusts are members of IBEC while co-operatives do not appear to have any membership other than NABCO.

Question 63: International organisations

The organisations surveyed were asked to identify whether or not they were part of an international housing service provider. The results are shown in chart 63.1 below.

Chart 63.1

It can be seen that 11% of the respondents are part of an international housing service provider group. These are shown in table 63.2 below.

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Table 63.2
Respondents belonging to an international housing service provider

	Legal structure	Housing stock
1	Company Limited by Guarantee	82
2	Company Limited by Guarantee	24
3	Company Limited by Guarantee	200
4	Company Limited by Guarantee	74
5	Company Limited by Guarantee	338
6	Company Limited by Guarantee	190
7	Company Limited by Guarantee	116
8	Company Limited by Guarantee	379
9	Company Limited by Guarantee	0
10	Company Limited by Guarantee	489
11	Company Limited by Guarantee	74
12	Company Limited by Guarantee	282
13	Company Limited by Guarantee	306
14	Co-operative Society	291

It can be seen that of the 14 organisations that are members of an international housing service provider group, one is a co-operative society with a current stock of 291 dwelling units. The remainder are companies limited by guarantee and these companies have a total housing stock of 2,554 units.

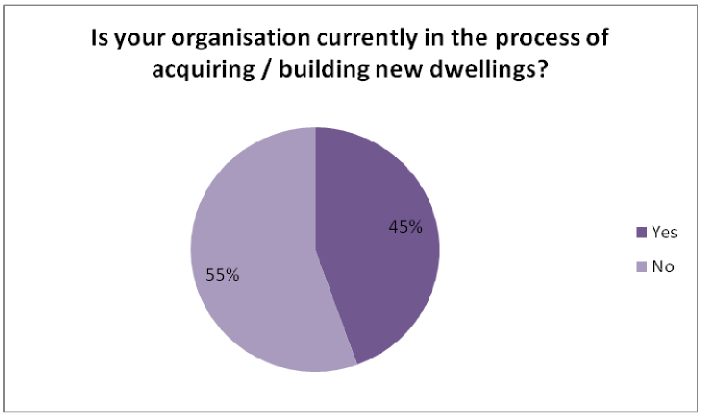
In total, organisations with international links have 2,845 houses; this is equivalent to 20.5% of the housing stock in place with the organisations who responded to the questionnaire.

Section 14 – New housing development

Question 64: In process of acquiring or building new dwellings

In relation to current activities, 45% of respondents said that they are currently in the process of acquiring or building new dwellings.

Chart 64.1



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Question 65: Provision of dwellings

Table 65.1 following shows how the respondents provide dwellings.

Table 65.1
How does your organisation acquire dwellings?

	Number of units in last 5 years	Number of units proposed for next 5 years
Traditional (commissioning consultant and contractor)	54%	55%
Turnkey	7%	3%
Acquisitions	9%	3%
Design and build	13%	13%
Part V	13%	18%
RAS Leasing	0%	4%
Other (please specify)	5%	4%

Question 66: Stages of development of dwellings

In total, there are 59 respondents who are currently involved in the provision of dwellings. These have a number of different projects at different stages, and the number of organisations with projects at each of the five following stages is shown in table 66.1.

Table 66.1
Number of organisations active at each stage of development of dwellings

	Number of organisations at each stage
Project appraised by Local Authority	35
Planning	22
Procurement	13
Under construction	15
About to allocate	14

14 organisations are about to allocate houses that are at or just completing construction. 15 organisations have dwellings in the construction phase at the moment, and the remainder are at the procurement, planning or project appraisal stage.

Question 67: Public procurement procedures

Chart 67.1 following shows that nearly half of all the respondents use public procurement procedures for capital works contracts, and over 30% of all the respondents use public procurement procedures for the engagement of the design team, consultants and project management team.

It should be noted that the chart shows the results as a percentage of *all* respondents, which may include those organisations where public procurement procedures might not be applicable.

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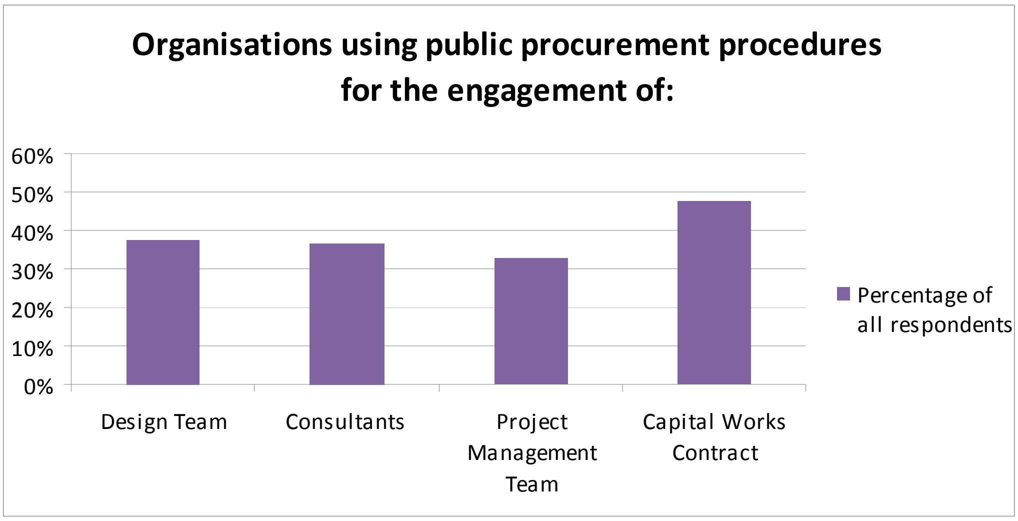
Chart 67.1



Question 68: Any other issues

Other issues commented on by respondents include:

- Difficulty getting adults with learning disabilities on the housing list has hampered attempts to utilise the CAS
- Development Issues:
  - Public Works Contracts - "sledgehammer to crack a nut" in terms of its applicability to the vast majority of HA schemes. Appropriate to large contracts, unsuitable for the sale of most of housing associations developments.
  - Time taken to make decisions, both by LA and DoEHLG - A decision not to fund is often better than no decision at all.
  - Ambivalence on the part of many LA's with regard to the role and value of AHB's. Urgent need to clarify roles LA, as Housing Authority dictates what is built when and where as well as who is to be housed - but AHB should be allowed to deliver - Currently there is inappropriate and inefficient dependence on third parties at every stage of the development process.
  - Some LA's view voluntary sector as providers of special needs housing only.
  - "Competition" between housing associations and how Local Authority chooses to work with one HA over another.
  - Involvement in Part V schemes is still too late; if our housing organisation were involved earlier this would facilitate more appropriate design leading to increased long term sustainability and affordability.
  - No direct access to the Housing Finance Agency.
  - Risk to approved housing bodies that must enter into legal contract with developers to build schemes but reply on third parties i.e. Local Authorities to provide funding within terms of contract.
  - Affordable Housing - No process for AHB's to undertake affordable or low cost home ownership and to facilitate the development of mixed tenure communities, a core objective of Government policy.
  - Tenant Purchase - mixed signals with regard to tenant purchase reflected in equitable situation between tenants of local authorities and approved housing bodies.

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- Housing Management Issues:
  - Service Charges - creates problems of affordability for tenants and results in our housing organisation having to subvent some of the service charges from our own funds; this is not sustainable.
  - Legal status of tenancies - tenants approved housing bodies, similarly LA tenants, are monthly periodic tenants with no security of tenure which is in complete contrast to tenants in the private sector who enjoy protections under Private Residential Tenancies Board.
  - Waiting list management by LA's; often results in delays in allocations.
  - Differential rents - not a stable base for housing management. Rent needs to relate to the cost of managing and maintaining the property to maintain and safeguard the public investment.
  - Absence of any authority with regard to governing standards of housing management. Uncertainty as to the relationship of approved housing bodies and the new National Property Services Regulatory Authority.
  - Lack of regulation for management companies.
- Consider merging CAS and CLSS into one funding scheme and introduce the concept of an economic rent per property.
- Continue to refine the mechanisms for having projects approved and ease direct access for HA's to the Housing Finance Agency.
- Consider innovative funding mechanisms/approaches to social housing in the current climate e.g. leasing of some of the unsold private units for social housing.
- Consider how a regional HA like North & East could have a role in mentoring/supporting smaller local HA's who may lack the experience and professional expertise to deliver units.

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Appendix III - Profile of respondents

For the purpose of consideration of the types of organisations, their plans, strategies, impact and operations, we segregated the original research population into three groups which were the non-respondents; respondents that are not active, and respondents that are active.

Non-respondents

In total, approximately 600 organisations to whom questionnaires were posted failed to respond. The number of dwellings, in total, in the housing stock of respondents is 13,849, which suggests that there is in the order of 9,000 dwelling units that have been provided by these organisations. This estimate is based on the DoEHLG estimate that the voluntary and co-operative sector has provided a total of some 23,000 units to date.

At this juncture we are unable to give an indication as to the status in respect of these houses, and we would recommend that the Department should consider further research, possibly in conjunction with the Housing Finance Agency, to identify which of these approved bodies are in possession of housing stock; the age of these dwellings; and when the HFA mortgage on foot of these dwellings may terminate.

Respondents that are not active

A total of 62 respondents of the 128 that participated in the survey have indicated that they are not currently in the process of providing dwellings, and that they have no plans to provide dwellings in the near future.

The number of organisations in this category is shown in table 1 following:

Table 1

Company Limited by Guarantee	53	85%
Co-operative Society	3	5%
Trust	6	10%

These organisations have a housing stock of 1,803 units as shown in table 2 following:

Table 2

Company Limited by Guarantee	999
Co-operative Society	618
Trust	186

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Total	**1,803**

The organisations are distributed around the country as shown in table 3 following:

Table 3

County	No. of Organisations
Dublin	10
Co. Cork	7
Co. Galway	6
Co. Mayo	5
Co. Tipperary	5
Co. Waterford	4
Co. Kildare	3
Co. Limerick	3
Co. Monaghan	3
Co. Westmeath	3
Co. Donegal	2
Co. Kerry	2
Co. Carlow	1
Co. Cavan.	1
Co. Clare	1
Co. Kilkenny	1
Co. Longford	1
Co. Louth	1
Co. Wexford	1
Co. Wicklow.	1
Derry City	1

It can be seen that the organisations are fairly well spread throughout the country, though a substantial portion are based in counties that contain one of the five cities. Over one third of the organisations are in Dublin, Cork and Galway.

Table 4 following shows the range of services provided by these organisations. It can be seen that approximately one quarter of them provide services to people with special needs, the homeless or the elderly. This reflects reasonably well the profile of both the active and the non active groups, and it would be of interest to find out why these organisations have no plans to extend their dwelling stock.

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Table 4

Service Provided	Percentage
Houses for rent	87%
Sale of Affordable Housing	3%
Estate Management	13%
Services to People with Disabilities	23%
Services to the Homeless	24%
Care Services for the Elderly	26%
Service for Children	8%
Carers	8%
Tenancy Support	18%
Advice	18%
Counseling	11%
Hot Meals	19%
Communal Facilities	40%
Caretaker	29%
Other	27%

It can be seen from table 5 following that almost two thirds of the organisations received approved status prior to 2000. This indicates that these non-active organisations are in existence for a relatively long period of time.

Table 5

Year Approved	No. of organisations	Percentage
Pre 1990	16	26%
1991-95	10	16%
1996-2000	13	21%
2001-05	14	23%
2006 onwards	4	6%
No Value	5	8%

Paid staff

In total these organisations employ 1,197 staff, of whom 678 are full time staff, and 519 are part time.

Table 6

	Number of paid staff at present
Number of full-time staff (paid)	678
Number of part-time staff (paid)	519
TOTAL NUMBER OF PAID STAFF	**1,197**

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Expenditure

Only 38 of the 62 organisations included in this category included a breakdown of their expenditure. The average expenditure from these respondents is marginally in excess of €1 million per annum. Total expenditure of the 38 respondents was €38, 912,414.

Active and respondent

A total of 68 of the respondents are either developing dwellings at present or plan to do so in the future. The structure of these entities is shown in table 7 following.

Table 7

Company Limited by Guarantee	59	87%
Co-operative Society	7	10%
Trust	2	3%

In terms of the existing stock of dwellings, these organisations have a total of 12,037 units, which is breaking down into the various organisations as shown in table 8.

Table 8

Company Limited by Guarantee	10,374
Co-operative Society	466
Trust	1,197
Total	**12,037**

The key finding here is that the active group of respondents, a total of 68 organisations, are in possession of over half of the estimated total of voluntary and co-operative houses in the country.

Table 9 shows the geographic location of these organisations, and it can be seen that they are fairly reasonably well spread throughout the country.

Table 9

County	No. of Organisations
Dublin	26
Co. Cork	9
Co. Donegal	4
Co. Limerick	4
Co. Kildare	3
Co. Clare	2
Co. Kerry	2
Co. Louth	2
Co. Mayo	2
Co. Westmeath	2
Co. Wexford	2
Co. Carlow	1
Co. Laois	1

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Co. Meath	1
Co. Monaghan	1
Co. Offaly	1
Co. Roscommon	1
Co. Sligo	1
Co. Tipperary	1
Co. Waterford	1
Co. Wicklow	1

Table 10 following shows the services provided by these organisations.

Table 10

County	No. of Organisations
Dublin	26
Co. Cork	9
Co. Donegal	4
Co. Limerick	4
Co. Kildare	3
Co. Clare	2
Co. Kerry	2
Co. Louth	2
Co. Mayo	2
Co. Westmeath	2
Co. Wexford	2
Co. Carlow	1
Co. Laois	1
Co. Meath	1
Co. Monaghan	1
Co. Offaly	1
Co. Roscommon	1
Co. Sligo	1
Co. Tipperary	1
Co. Waterford	1
Co. Wicklow	1

There is much that is similar with this range of services when compared to the non-active respondents. The percentage of organisations providing houses for rent is comparable, however we note that the proportion of organisations providing services to people with disabilities is significantly higher among the active than the non-active cohort (41% versus 23%), services to the homeless is also higher among the active group (29% versus 24%), but in terms of care services for the elderly, the non-active group has higher levels (26% versus 15%). The active group also provides higher levels of tenancy support and advice to tenants.

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50% of the active respondents were established in the period up to 2000, consequently, in terms of the length of time the organisations have approved status, the active participants may be defined as "newer" or "younger" than the non-active units.

Table 11

	Number of paid staff at present
Number of full-time staff (paid)	1,236
Number of part-time staff (paid)	1,007
TOTAL NUMBER OF PAID STAFF	**2,243**

The total number of paid staff among the active respondents is 2,243, almost twice the level of the non-active respondents.

37 organisations responded to the questions regarding their expenditure, and the total expenditure for these respondents was €59,219,521, an average of €1.6 million per respondent.

In summary, this comparison suggests that the active respondents, i.e. those respondents who are either developing new houses or intend to in future have a significantly higher level of dwellings than the non-active respondents, employ twice as many people, have expenditures of the order 60% greater than the inactive organisations, tend to be "younger", though not to a significant extent, and have a stronger focus on services to people with disabilities and special needs rather than the elderly.

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Appendix IV – List of respondents

Adapt (Limerick)
Ardara Sheltered Housing Association Ltd.
Ardfallen Sheltered Housing
Associated Charities Trust
Association of Parents & Friends of the Mentally Handicapped CMX Co Ltd
Athlone Community Services Council Ltd.
Autism West Ireland
Ballinahown & District Social Housing
Ballycastle and District Voluntary Housing Association
Ballyduff Community Care Housing Association Limited
Ballyhaunis Social Housing Ltd.
Bantry Care for the Aged Association Ltd
BIH Ireland
Brickens Housing Association
Bruree Rechhill Community Housing Association Limited
Bun na Leascaí Housing association
Cahirciveen Social Services Ltd
Caislean Nua voluntary Housing Association Ltd.
Carbery Housing Association Ltd
Carlow Voluntary Housing Association Ltd - T/A Tintean
Carnew Community Care Ltd
Carraig Senior Citizens Housing
Carrick On Suir Voluntary Housing Association Ltd
Casher Na Cor Housing Association Ltd
Catholic Housing Aid Society
Celbridge Mental Health Housing Association Ltd
Charleville Senior Citizens Association
Cheshire Ireland
CIE Welfare Association
Circle Voluntary Housing Association
City Housing Initiative Ltd
City of Dublin YMCA
Clanmil Ireland Housing Association
Clara Foundation Ltd
Clonmel Voluntary Housing Association
Clúid Housing Association

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Co Donegal Housing Association for the Mentally Handicapped Ltd
Cobh Community Care
Cork Simon Community
Croom Voluntary Housing.
Cuan Barra
Cuan Mhuire
Cuan Mhuire Teo
Cuan Mhuire Teo
Cumann Tiltiochta Arann Mhor Teo
Daisyhouse Housing Association
Damer & Fortick charity
Danesfort Voluntary Housing Association.
Domestic Violence Service Housing Association
Dublin Central Mission
Dublin Co-operative Housing Society Ltd
Dublin South City Co-operative Housing Society Ltd
Dundalk Voluntary Housing Association Ltd
Emerald Housing Co-operative Society Ltd
Fingal Co-operative Housing Society Ltd
Focus Housing Association
Fold Housing Association Ireland Ltd
Friends of CoAction Ltd
Galtah Ltd
Galway so-operative housing society Ltd
Gheel Autism Services Ltd
Gleann Ealach Housing Ltd
Glin Homes for the Elderly Limited
Glinsk Housing Association Ltd.
Goodwill Housing Co-operative Society Ltd
Grange & District Housing Association ltd
HAIL, Housing Association for Integrated Living
Inniskeel Sheltered Housing
IRD Kiltimagh Ltd
Kerry Mental Health Association
Kilbolane Voluntary Housing Association
Kilcormey Community Development association Ltd.
Kilcullen Sheltered Housing Ltd
Kildare North Sheltered Housing Ltd
Kilkee Housing Association Limited
Kilmihil Community Housing Association Limited
Kilmovee Community Housing Limited
Kilnalock Sheltered Homes
Lapp's Charity
Mattthew Shee Charity Limited
Micheal Walsh Asylum
Monaghan Branch of Parents and Friends of Persons with an Intellectual Disability Ltd.

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Moyne Valley Housing Association Ltd
MS Ireland Housing Association
Muiriosa Housing association
Munster Co-operative Housing Society Ltd
Nenagh Voluntary Housing Association
Newbridge Sheltered Housing Trust Ltd
Newgrove Housing Association Limited
Newtown co-operative Housing Society Ltd.
North & East Housing Association Ltd
North and West housing (Ireland) Limited
Oaklee Housing Trust
O'Connell Court
PACE Housing Association
Peacehaven Trust Ltd
Prosper Fingal Housing Association Limited
Respond! & Respond (support) Ltd
Roscara Housing Association Ltd.
Round Tower Housing Association
Rural Resettlement Ireland Ltd
Scéimtithíochta na Sceilge Teo tia Coiste forbartha na Sceilge
Senior Citizens Concern Ltd
Shnua Housing Association Ltd.
Sophia Housing Association Ltd
South County Co-operative Housing Society Ltd.
South Leinster Co-operative Housing Society Ltd
Southill & District Housing Association Ltd
St Hilda's Services for the Mentally Handicapped
St Joachim & Anne's Home
St Michaels House Housing Association
St Patrick's Dwelling for the Elderly Ltd
St. Christopher's Housing Association Ltd
Steer Housing Association
Sue Ryder Foundation
Tearmadann Ui Cheallaigh
Tearmann Eanna Teo
Tearmann Housing Association Limited
Temporary Emergency Accommodation Mullingar.
The AIDS fund
The Daughters of Charity Service
The Iveagh Trust
The Lord Blayne Trust
Thomond Housing association Limited
Tooreen housing Association Ltd
Tramore Voluntary Housing Association Ltd.
Tuam Voluntary Housing Agency Ltd.
Tullamore Housing Association Ltd

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Vincentian Housing Partnership
Walkinstown Housing Association Ltd
Western Care Association
West Kerry Care for the Ages.
Youth for Peace Ltd

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Appendix V – Social housing policy in England

A brief overview of key trends and policies

This note provides a brief overview of recent social housing policy in England. It covers the following themes:

- Policy objectives;
- Model of intervention and structure of provision; and
- Key policy trends over the past 20 years.

Policy objectives

Primarily public intervention is justified on the basis of equity grounds rather than on efficiency or market failure grounds. Essentially, the views of successive UK governments is that provision of a reasonable standard of housing at an affordable price is a minimum standard to which all individuals are entitled to regardless of income or circumstance.

However, in addition to the provision of decent standards of housing at an affordable price, the government has other social and economic goals it tried to achieve through its social housing interventions:

- The development of mixed communities;
- Urban Regeneration; and
- Social mobility and labour market opportunities.

Models of intervention and key statistics

The UK has adopted a hybrid model of public intervention, which consists of three elements:

- **Capital expenditure to build social housing.** Typically, housing associations receive capital grants to subsidise the costs of adding to the social housing stock;
- **Housing benefit payments to social welfare recipients.** Housing benefit is a direct cash transfer, that is means tested and to which a relatively steep (65%) income taper applies to

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income above a certain threshold. Housing benefit is paid to individuals who qualify regardless of whether they are in private or social accommodation; and

- **Subsidised rents in the social sector.** The rents local authorities and housing associations are allowed to charge are set with reference to a rent formula which takes account of local differences in average earnings and property prices. Social rents and are between £5-10 (North East) and £70-80 (London) below market rents.

According to the Hills report, the total expenditure on social housing in 2004 amounted to approximately £16 billion in direct expenditure and a further £6.6 billion in indirect subsidy, as a result of sub-market rents. In particular, the breakdown of public intervention was:

- £10.7 billion on housing benefit;

- £5.4 billion on capital expenditure; and

- £6.6 billion on indirect subsidy (sub-market rents)

Structure of provision

There are approximately 4 million units of social housing in England. Ownership is split between local authorities and housing associations:

- Housing Associations own approximately 1.8 million units;

- Local authorities own approximately 2.2 million units.

However, with the on-going transfer of ownership from local authorities to housing associations, it is likely that housing associations will become the dominant provider of social housing. Moreover, almost all new additions to the housing stock are carried out by housing associations.

There are approximately 1,800 Housing Associations in England. In terms of structure, there are a small number of large associations and a long tail of small associations. The largest 13% of Housing Associations (those with 2,500 plus units) own 80% of all homes in the sector.

Social housing as a proportion of the total housing stock has declined substantially. In 1979, social housing accounted for 31% of the total housing stock, and provided accommodation for a broad spectrum of tenants. By 2004, social housing accounted for only 18.5% of the stock, and with an increasing concentration of tenants amongst the lowest income groups in society. This contraction of the social housing sector has been driven by two factors:

- The Right-to-Buy policy instituted in the early 1980s has seen the sale of almost 1.9 million homes by councils and housing associations over the last 25 years;

- A huge reduction in new additions to the social housing stock. In 1970 177,000 homes were completed for local housing authorities. In 2005, 18,000 were built for housing associations and less than 200 were built for local authorities.

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Key policy trends

This section focuses on three key policy trends that have impacted substantially on the social housing sector over the last twenty years:

- Transfer of ownership to housing associations;
- Right-to-Buy
- Shift away from supply side subsidies.

Transfer of ownership

Over the last 20 years Housing Associations have assumed an increasingly important role in the social housing sector. This has largely been driven by a policy of stock transfer from local authorities to Housing Associations (knows as large scale voluntary transfers (LSVTs)). As a result Housing Associations now own almost as much of the housing stock as do local authorities, and all new additions to the stock are carried out by Housing Associations.

Key factors driving the transfer of ownership included:

- **The ability of Housing Associations to access private finance.** By the mid-1980s there were considerable concerns regarding the quality and state of repair of the social housing stock. By transferring ownership UK Housing Associations were able to access private finance to help fund upgrades of the stock. Public expenditure rules prevented local authorities from undertaking a similar policy approach.
- **Improved tenant voice and participation.** A key element of the housing Association ethos is involvement and participation of tenants in decision-making and management of the estate. This participation and voice was considered to be substantially greater than that which would be achieved under local authority ownership and management.
- **Separation of landlord and strategic housing functions.** From a governance perspective, it was considered to be better to have separate management and governance arrangements for these functions, both to allow for greater use of specialist management skills and to prevent conflicts of interest. Even where LSVTs have not taken place many local authorities have established separate management entities to carry out the landlord and management function. These entities are known as arms length management organisations (ALMOs).

A 2003 report by the National Audit Office found that the policy was broadly beneficial in value for money terms:

- Between 1988 and 2003 Housing Associations had secured £11.6 billion of private finance;
- Housing Associations largely delivered the expected benefits to tenants of better quality social housing, better housing services and better opportunities for tenant participation.

Right-to-Buy

First introduced in 1980, the Right to Buy scheme is aimed at secure tenants of local authorities (councils) and those assured tenants of registered social landlords/housing associations who

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previously held secure tenancies with local authorities. It is open to virtually any secure tenant who can afford to buy.

The level of discount available under Right to Buy has fallen steadily from the scheme's introduction. Average discounts were around 50% in the 1980s and 1990s, but had fallen to 30% by 2005.

The Right to Buy scheme has been controversial from its introduction. From a purely economic perspective, the value for money of such a scheme depends crucially on the trade off between the generosity of the discount offered to the tenant to purchase their property and the offsetting reduction in the liability of government of providing subsidized rents for that tenant in the future. The key variables, therefore, are the length of tenure, the level of rent subsidy and the level of discount. In England, analysis suggests that a discount of 30-35% would represent reasonable value for money.

Given that discounts for much of the scheme's lifetime have been substantially in excess of this figure, it suggests that the scheme has been more generous to tenants wishing to purchase their properties than those remaining as social tenants. Given that many of those tenants that exercised their right to buy were higher income tenants, this also raises equity and distributional issues as well as pure efficiency concerns.

Critics of the scheme also claim that it has led to other detrimental effects:

- A contraction in the overall number of properties available for social lettings, with the result that only tenants with greatest need (i.e. the statutorily homeless) can now access social housing. Indeed, one of the most accurate indicators of poverty today is being a Housing Association or Local Authority tenant;

- A dramatic shift in the composition of social housing tenants with tenants much more likely to have low incomes and not to be in employment and creating "ghettos";

- A change in the structure of the social housing stock – many of the properties that were purchased under the scheme were in suburban or rural areas rather than in major centre-city estates.

A shift from supply side subsidies

The third major policy trend to affect the sector has been the shift in intervention towards means tested cash transfers (Housing Benefit) and away from bricks and mortar subsidies (although, this trend may be reversed in the future, with a recent renewed focus on social housing building programmes).

For example, between 1975-76 and 2003-04, capital expenditure dropped from £14 billion (2003-04 prices) to £5.4 billion. Over the same period, Housing Benefit increased from approximately £3.1 billion to £10.7 billion.

In the 1980s and 1990s successive British governments also switched intervention away from subsidised rents in favour of Housing Benefit. For example, between 1988 and 1996 average rents

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rose by over a third in real terms. Since 1996, rents have continued to increase, but not at the same pace.

The implications of this shift are twofold:

- Housing Benefit (which is means tested) has become the dominant form of intervention in the housing sector; and

- Additions to the social housing stock have reduced dramatically, contributing to a substantial contraction of social housing as a proportion of the total housing stock. This contraction has led to substantial rationing of social housing with a resultant impact on the composition of social renters.

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