



OUR VISION IS TO ENABLE  
EVERYONE TO LIVE IN **GOOD**  
**QUALITY, AFFORDABLE HOMES**  
**IN SUSTAINABLE COMMUNITIES**

## **Annual Report 2016**

Housing and Sustainable Communities Agency  
operating as 'Housing Agency'

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**housing  
agency**

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## CHAPTER 01

# Who we are and what we do

### Establishment

The Housing Agency is a government agency focused on supporting local authorities, the Department of Housing, Planning and Local Government (DHPLG) and Approved Housing Bodies (AHBs). The Agency also implements the Pyrite Remediation Scheme and is the interim regulator of the AHB sector.

We are a non-departmental body under the aegis of the DHPLG. We work closely with our colleagues in DHPLG to ensure and support the delivery of ministerial policy objectives. We are subject to the Code of Practice for the Governance of State-Sponsored Bodies and the Public Spending Code. We work to act in a fully accountable and transparent way.

Our primary function is to provide the services for, and on behalf of, the Minister of Housing, Planning and Local Government, and each local authority in the performance of their functions under the Housing Acts. These services include:

- Housing Research and Analysis
- Housing Supply Supports and Advice
- Local Authority Services
- Approved Housing Body Services
- Mortgage Supports
- Acquisitions Programme
- Housing Projects and Procurement Services
- Pyrite Remediation
- Regulation of Approved Housing Bodies

### Our role

Our role has developed significantly since we were formally established in 2012. We actively support the delivery and management of social housing by local authorities and AHBs. We work closely with the DHPLG in the development and implementation of housing policy.

Our role expanded significantly following the publication of *Rebuilding Ireland, the Government's Action Plan for Housing and Homelessness*. We are involved, or are taking the lead in, the delivery of a wide range of actions under this plan including: the establishment of a Housing Procurement Unit and a One Stop Shop for AHBs; the acquisition of 1,600 dwellings from banks and financial institutions; and work in relation to the rental sector and utilising vacant homes.

### How we are managed

We are governed by a Board appointed by the Minister of Housing, Planning & Local Government, which is responsible for ensuring we carry out our functions effectively and comply with statutory requirements. Our Board is led by our Chair, Dr. Conor Skehan, and is responsible for shaping our priorities, providing strategic leadership and overseeing the implementation of our functions. The Board has established an Audit and Risk Committee to oversee the key areas of financial and risk management.

The day-to-day work and provision of services are carried out by the Executive and staff of the Agency.

Our Executive carries out, manages and controls generally, subject to the supervision of the Board, the administration, and business of the Agency. It is led by our Chief Executive Officer, John O'Connor, who is responsible for leadership and direction of all executive functions.

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

The Housing Agency has responsibility for the implementation of the Pyrite Remediation Scheme. There is a separate board overseeing this which is the Pyrite Resolution Board.

## Our Board

Our board consists of a Chairperson and seven members appointed by the Minister. At the 31st December 2016, the Chairperson, with six sitting members were:

Board Member	Organisation
Conor Skehan	Chairperson
Tony O'Brien	Management Consultant
Donal McManus	Irish Council for Social Housing
John Burke	Department of Expenditure and Reform
Bairbre NicAongusa	Department of Housing, Planning and Local Government (DHPLG)
Lorraine Lynch	Cork County Council
John O'Connor	Chief Executive Officer, Housing Agency

## Audit and Risk Committee

The Housing Agency Audit and Risk Committee membership in 2016 was as follows:

Committee Member	Organisation
Tony O'Brien	Management Consultant
Caroline Gill	Pyrite Resolution Board
Donal McManus	Irish Council for Social Housing
Lorraine Lynch	Cork County Council

## Our Staff

The Housing Agency had 44 staff at the end of 2016. The Senior Management Team was as follows:

Name	Role
John O'Connor	Chief Executive Officer
David Silke	Director of Research and Corporate Affairs
Pat Fitzpatrick	Head of Regulation
Jim Baneham	Head of Housing Supply and Mortgage Supports
Peter Hesse	Project Management and Procurement Officer
Margaret Jordan	Head of Finance

# Housing Agency

## Key achievements in 2016



176 financial assessments (CALF) undertaken to provide **2,632 homes**



Development of **HAP** Website

**288 vacant properties**

bought for social housing



**483 homes**

sourced through NAMA in 2016



**760 House Purchase Loan applications underwritten**



Provision of a range of technical and project management advice

Housing Procurement Unit established



AHB One Stop Shop established



### The Financial Standard

The Financial Standard and Assessment Framework for the Regulation of Approved Housing Bodies in Ireland

# Almost 250 AHBs

signed up to the voluntary regulation code with Financial Standard rolled out to larger AHBs

# 217

households availed of Mortgage to Rent

# 248

unfinished housing developments resolved in 2016, representing 85% decrease of unfinished housing developments since 2010



## Pyrite Resolution:

# 420 homes

remediated in 2016, bringing overall total to 526

## Key publications in 2016



First publication targeting this group of the population globally

## Housing Agency Board 2016

**Eugene Cummins**  
Roscommon  
County Council

**Loraine Lynch**  
Cork County  
Council

**John Burke**  
Department of  
Public Expenditure  
and Reform

**Tony O'Brien**  
Management  
Consultant

**Donal McManus**  
Irish Council for  
Social Housing



**Bairbre NicAongusa**  
Department of Housing, Planning  
and Local Government (DHPLG)

**Conor Skehan**  
Chairperson

**John O'Connor**  
Housing Agency  
Chief Executive



## CHAPTER 02

# Chairperson's and Chief Executive's Statement

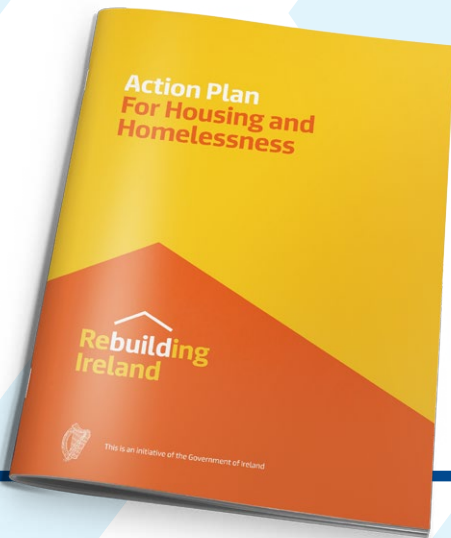
**One of the greatest and most immediate challenges facing this country is to ensure the sufficient, stable and sustained provision of housing that is affordable, in the right locations, meets people's different needs and is of lasting quality.**

In July 2016, the Government published its Rebuilding Ireland Action Plan for Housing and Homelessness which seeks to address those challenges. It clearly recognised and embedded the role of the Agency. As a result, during the last year, the Agency has continued to grow to fulfil these new roles, as well as providing our established activities in supporting and delivering a broad range of housing needs.

This includes: specific support on housing projects; purchase of housing for local authorities and AHBs; assessment and advice on funding of projects by AHBs; advice and training on housing assistance scheme; and mortgage services.

In addition to these roles, the Housing Agency has the responsibility of providing independent and authoritative advice about housing. We have repeatedly drawn awareness to the need to assign attention and resources to issues in priority to their scale and strategic significance.

The Housing Agency advises that the following are Ireland's most pressing issues, in order of priority - Affordability; Mortgage Arrears; Vacant Homes and the Increase of the supply of the right types of homes in the right places.



**“ Good quality, affordable housing in well-planned communities is something that we can all agree on as a common goal. The Housing Agency is working to achieve this vision for everyone.”**

Whether people live in owned or rented homes, affordability is a critical consideration. Housing costs are a substantial proportion of most people’s monthly expenditure and are a core driver of our competitiveness for the inward investment that is the engine of our economy.

Mortgage arrears are a problem for a significant number of Irish households. As a priority, these numbers need to be dramatically reduced because keeping people in their own homes plays a fundamental role in avoiding future pressure on housing waiting lists.

One element of addressing this is the Mortgage to Rent (MtR) Scheme, a government initiative to help homeowners in serious mortgage difficulties to stay in their homes. The Housing Agency acts as the national coordinator for trying to improve and implement the MtR Scheme. The scheme allows ownership of the home to transfer to an approved housing body or another investor while guaranteeing the family’s right to residency for an affordable rent linked to their income.

Ireland needs to provide in the order of 25,000 houses and apartments each year to keep pace with the needs of this growing population – much of this could be supplied quickly and inexpensively by the re-use of existing homes that are currently vacant.

Using properties that are currently vacant offers a more immediate solution, particularly in high demand areas. Long-term vacant housing can have negative impacts on local areas and communities and represents an inefficient use of valuable resources.

Reducing the numbers of vacant homes and making better use of existing housing re-invigorates communities and also provides significant economic dividends by re-using existing public infrastructure such as schools, roads, amenities.



In addition, we need to continue to increase new housing provision. However, it is critical that this is of the right type that addresses the emerging needs of a society who increasingly live in smaller and smaller households and who are both aging as well as increasingly renting for longer near urban centres.

Good quality, affordable housing in well-planned communities is something that we can all agree on as a common goal. The Housing Agency is working to achieve this vision for everyone. We need to provide enough housing in the right places to meet the demands of a population characterised both by increasing numbers and increasing household formations.

The Agency prepared a National Housing Statement in February 2017, which brought together data on the housing system. This identified the quantity and location of housing needs as a guide for policy-makers, planners, and the property sector. The provision of authoritative, accurate and timely information about housing needs is an important bulwark against the emergence of the housing oversupply that so recently damaged the national economy.

The issues outlined in this Annual Report focus on the here-and-now. However, we also need to focus on the longer-term questions about where and how we should be living in twenty years' time. The Housing Agency has made a substantial submission to the new National Planning Framework - Ireland 2040 – this reflects upon and expands the points raised in this Introduction.

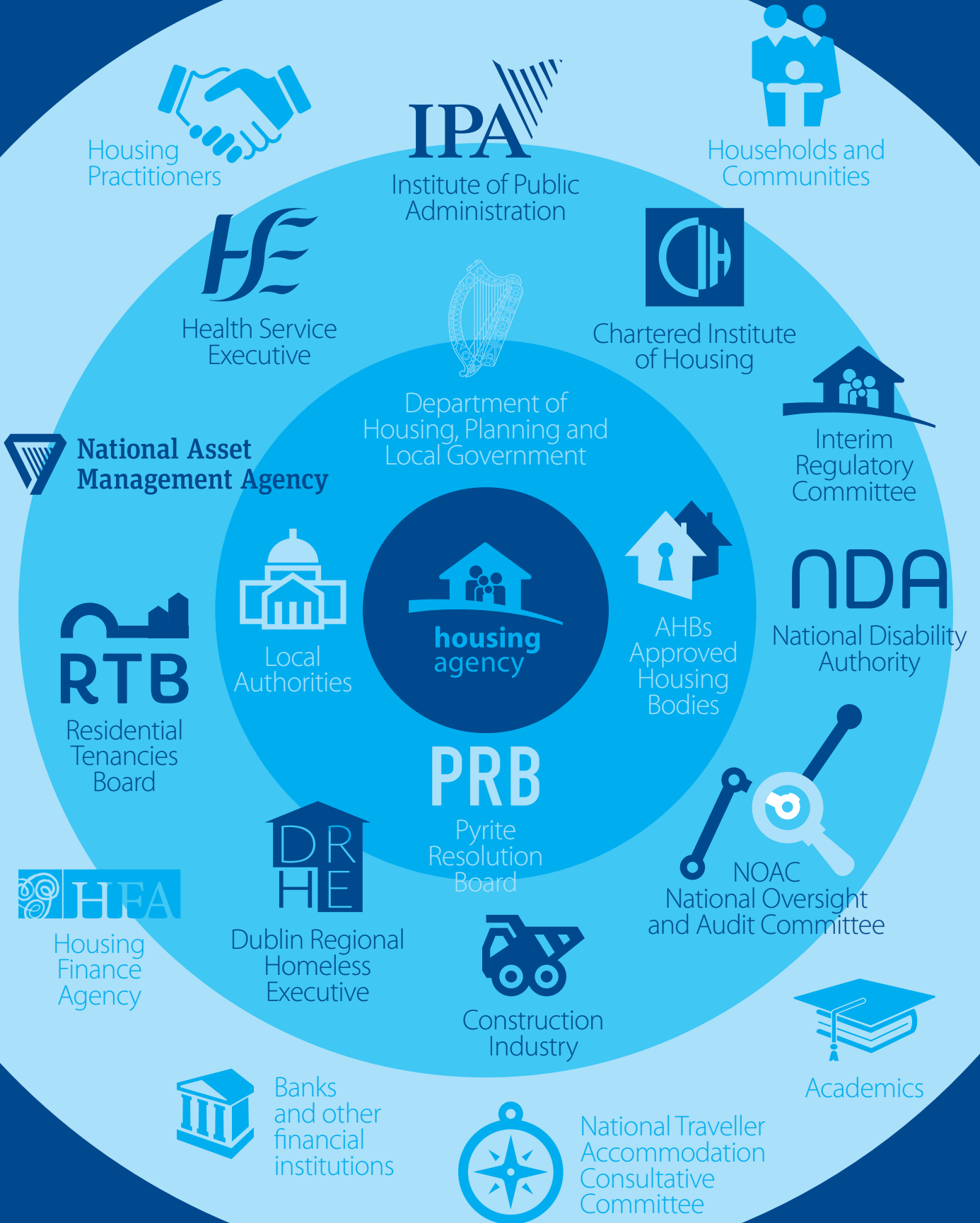
Finally, we wish to express our sincere thanks to each Board member, the Housing Agency committees and the management team and the excellent staff of the Agency for their work in 2016. We wish to thank the Minister for Housing, Planning and Local Government, Eoghan Murphy TD, and former Minister for Housing, Planning, Community and Local Government, Simon Coveney TD and Minister of State, Damien English for their support in the operation of the Housing Agency. We also want to thank the Ministers in the previous Government, Alan Kelly TD, Minister for the Housing, Planning, Community and Local Government, and Minister of State at the Department of Housing, Planning, Community and Local Government (DHPLG), Mr Paudie Coffey TD, and officials of their respective Departments for their support and assistance throughout the year.

We also thank all of our other stakeholders for their valuable support and cooperation in 2016 and we look forward to continuing our important work in 2017. The next 12 months hold many challenges and opportunities. We look forward to working closely with the Government, Department of Housing, Planning and Local Government, Local Authorities, Approved Housing Bodies and the broader property and construction sector in working towards our mutual goals of providing good quality affordable homes for all our citizens.

**Conor Skehan**  
Chairperson

**John O'Connor**  
Chief Executive

# Key Stakeholder Map





Director of Services, Project Management and Procurement, Peter Hesse details plans for new homes to Minister of the Department of Housing, Planning and Local Government, Eoghan Murphy TD.

# Performance report

## OBJECTIVE

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

### **Funding Appraisals for Approved Housing Bodies**

The main funding arrangement for delivery of social housing by Approved Housing Bodies (AHBs) is by way of payment and availability agreements coupled with a secondary loan called CALF. This funding is for the purchase, construction or refurbishment of housing that will be made available for social housing purposes. The Housing Agency carries out the appraisals of applications for funding by AHBs.

**Progress:** The total number of applications assessed by the Agency in 2016 was 176. The total number of potential homes included in our assessments totalled 2,632 with a total value of €527m. The comparable figures for 2015 were 103 appraisals including 1,199 homes with a total value of €195m.

### **Housing Assistance Payment (HAP)**

HAP was introduced in late 2015 on a pilot basis and has been rolled out nationally in stages through 2016, and into 2017. This payment was introduced to allow people eligible for social housing, with a long-term housing need, to live in private rental accommodation. It will eventually replace Rent Supplement for those with a long-term housing need. The Housing Agency has been a key player in the implementation of this new initiative nationally.

**Progress:** The Agency produced a HAP toolkit for local authorities, established and co-ordinated of HAP Practitioners' Committee and Practitioners' Forum, provided training to local authority staff and commenced work on the development of a HAP website.



## Housing Acquisitions

Under *Rebuilding Ireland*, the Agency was requested to acquire properties on behalf of Local Authorities and AHBs to increase the supply of social housing.

**Progress: In 2016, the Agency drew down €6,741,000 in funding from the Department for the acquisition of housing in 2016. This funding was made available in advance of the €70m funding committed for 2017. The fund for acquisitions is a rotating fund which relies on sales of purchased dwellings to AHBs to renew the fund. We had bids accepted on 288 dwellings from a range of vendors with a total value of €43.77m in 2016. Of these, the Agency has signed contracts for 243 dwellings and 29 of these purchases have closed. Bids are pending on a further 106 dwellings.**

## Delivery from NAMA's loan portfolio

The Agency continued to work with NAMA and the DHPLG to identify and provide social housing from NAMA's loan portfolio.

**Progress: 483 homes were sourced through NAMA in 2016, bringing the overall total achieved to 1,909 to the end of December 2016.**



## Rental Sector

The Government's Strategy for the Rental Sector was published in December. It contains a range of actions for the Housing Agency. We have a role to play in identifying areas for consideration as Rent Pressure Zones. Measures also include: 'Build to Rent' developments; the accelerated roll out of 'Repair and Leasing'; 'Buy and Renew' initiatives; the establishment of an Expert Group to explore the opportunities for developing a viable cost rental model for Ireland and a larger and a more dynamic not-for-profit and Approved Housing Body sector.

**Progress: The Agency worked with the Department in developing the Repair and Leasing scheme. In December, the Agency commenced work on analysis and consultation with local authorities, with a recommendation issued to the Minister for a designation of Rent Pressure Zones in a number of areas. Further to the Residential Tenancies Board's assessment, the Minister designated 12 Local Electoral Areas (LEAS) as Rent Pressure Zones.**



## Vacant Housing

In recent years, the Agency had identified utilising empty homes as a priority to assist the national supply requirements.

**Progress: In May 2016 the Housing Agency published its discussion paper, which we prepared for the Housing and Homelessness Committee May 2016: Tackling Empty Homes, an overview of vacant housing in Ireland and possible actions. Introducing an integrated plan to bring vacant and under-utilised housing stock back into use for both private and social housing purposes is an important objective. A Vacant Home Strategy is being prepared under the Action Plan for Housing and Homelessness.**

## Repair and Lease

A new repair and leasing initiative was piloted by Waterford City and County Council and Carlow County Council in 2016. This has since been applied nationally. This will allow for grants to be provided to prospective landlords to bring properties up to standard where they are entering cost-effective leases for social and affordable housing.

**Progress: The Agency assisted the DHPLG in the establishment of the scheme and central assistance to local authorities in the preparation of national templates and advice and support to local authorities in their implementation of the scheme.**



## National Loan Underwriting Services

Local Authorities provide house purchase loans products. The Housing Agency provides the central Loan Underwriting services for local authorities nationally.

**Progress: In 2016, a total of 760 House Purchase Loans were received for underwriting in 2016. Of these, 173 or 23% were recommended for approval.**

## Tenant Purchase Scheme

In late 2015 a new tenant purchase scheme was announced for tenants to purchase local authority houses and apartments. The scheme became effective on the 1st January 2016.

**Progress: In 2016 the Agency assisted the DHPLG in the production of a Tenant Information Leaflet and the application form to be used in the scheme.**

## National Housing Strategy for People with Disabilities

The DHPLG and Department of Health have in place a *National Strategy for People with Disabilities*. The Housing Agency convenes the housing sub-group and supports the implementation of housing actions.

**Progress: In assisting with the implementation of this strategy, the Agency chairs the Housing Subgroup who continued to meet in 2016. All Local Authorities now have Housing and Disability Steering Groups in their area. Each of these groups commenced preparation of their Strategic Plans for the delivery of housing for people with a disability. These plans were completed in early 2017. The Housing Agency commenced a review of the National Guidelines for the Assessment and Allocation Process for Housing Provision for People with a Disability. The initial consultation on the document was completed in November with the second stage due for completion in early Q1 of 2017.**





## Land Management

The Agency has 86 sites in its ownership. These are spread across the country. The Agency has a responsibility to manage these sites, but more importantly to identify appropriate sites for development of housing.

**Progress:** The Agency is working with local authorities and AHBs to develop a number of these sites. One project of particular note is on Enniskerry Road, Dublin. The plan is to develop the site for 155 social and affordable rental homes. The project is advancing in conjunction with Dun Laoghaire Rathdown County Council, Respond Housing Association and Túath Housing Association. It is expected that construction work will commence in 2016.

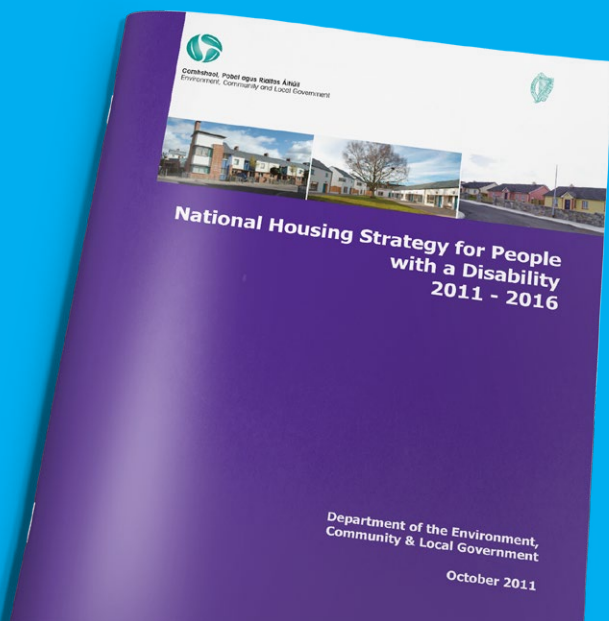
The DHPLG published its Rebuilding Ireland Housing Land Map (Pathfinder) at the end of April 2017, a comprehensive database of publicly owned lands in key areas with a view to identifying additional lands suitable for housing. The Housing Agency assisted in the preparation and collation of this data, in conjunction with local authorities, other government departments and state bodies.


## Housing Projects and Procurement

The Housing Agency provides technical and project management advice to a number of local authorities.

**Progress:** Project support was provided to five local authorities during 2016. The assistance offered covered all stages of project development from a feasibility study, through design, tender, construction, and handover. The work of the team included:

- Quantity Surveying and cost consultancy services for the proposed development of 47 units at Knocknaheeny Phase 2a, Cork,
- The handover of an infill residential development of homes at Urban Terrace, Tralee, Kerry County Council in April 2016,
- Works commencing on site for the construction of 29 homes at Knocknaheeny Phase 1b, Cork in January 2016,
- Preparation of Part 8 Planning Applications for two developments. Croilar na Misteach Mitchells Crescent Regeneration scheme (15 homes) and Bree, Castleblayney, for Monaghan County Council (8 homes),
- Preparation of tender Documents for a development at Dingle Road, Tralee, Kerry Council,
- Preparation of cost plans tender documents for 15 homes at Croilar na Misteach Mitchells Crescent Regeneration scheme,
- Provision of budget estimates and detailed costs plans for a total of 208 homes and associated works for 7 potential new projects in Cork City Council.





Cork North West Quarter Regeneration, Knocknaheeny. The project is part of the Cork North West Quarter Regeneration programme. The Housing Agency completed design and project management work for 29 new homes in Cork City Council.



## Housing Procurement Unit

The Agency established the Housing Procurement Unit in August 2016. This was an action under Rebuilding Ireland. This office's remit is to provide specialist procurement consultancy to local authorities and AHBs.

### Progress: The work of the newly formed office included:

- support to nine Approved Housing Bodies in 2016,
- assistance to Cork City Council with an on-going Competitive Dialogue procurement process,
- the provision of technical assistance to the Office of Government Procurement in the evaluation of the tenders for the Rapid Build Framework for suitably qualified design and build contractors for the provision of rapid delivery housing solutions to the local authority sector.

## Regulation of Approved Housing Bodies

The Housing Agency undertakes the role of Interim Regulator in respect of AHB until a statutory framework for regulation is in place. Our mission is to protect AHB assets and safeguard the interests of their current and future tenants by regulating for a well-governed, well managed and financially viable sector. The Regulation Office for Approved Housing Bodies is governed by an interim Regulatory Committee appointed by the Minister and it is committed to the highest standards of performance and governance.

**Progress: There are 245 AHBs signed up to Regulation, of which 232 organisations were assessed against the Voluntary Regulatory Code in 2016/2017. These organisations represent 95% of the estimated housing stock in the sector. AHBs are assessed against the Voluntary Regulation Code, with assessments issued based on Governance, Financial Viability and Performance management. The Regulatory framework continues to advance with the roll-out of the Financial Standard to all Tier 3 AHBs in 2016 and the introduction of a Governance Code in 2017. The Regulation Office is preparing for the transition from the Voluntary Regulatory Code to statutory regulation anticipated in 2017/18.**

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**“ [The Regulation Office's] mission is to protect AHB assets and safeguard the interests of their current and future tenants by regulating for a well-governed, well managed and financially viable sector.”**

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## **OBJECTIVE**

# **Provide a range of resolution services to address national housing issues**

### **Mortgage to Rent**

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

**Progress:** In total 217 households have availed of the Mortgage to Rent scheme up to the end of 2016. The Housing Agency made a submission to the DHPLG on the 24th November 2016 regarding proposed enhancements to the scheme. This contributed to an enhanced scheme launched by the Minister in February 2017. The Housing Agency has also been engaged with a number of entities interested in using private funding to expand MTR beyond the current AHB model.

### **Mortgage Arrears Resolution Process**

Local Authority Mortgage to Rent (LAMTR) is in operation within all Local Authorities. The Agency assisted the DHPLG in drafting a circular for Local Authorities regarding the LAMTR process to be followed.

**Progress:** In supporting the LAMTR within Local Authorities throughout 2016, the Agency's work included:

- ongoing engagement with Local Authorities and the DHPLG
- Localised training for Local Authorities on request,
- Provision of advice to Local Authorities including dealing with positive equity, repairs, and residual debt arrangements,
- Provision of advice and information (in conjunction with the DHPLG) to two Regional Loan Networks, the South East and Midland on all MARP related issues,
- Provision of advice to Local Authorities on insolvency-related issues (including advice on engagement with Personal Insolvency Practitioners), the various arrangements and excludable debts,
- Advice and talks to Local Authorities on insolvency.



## Pyrite Resolution

The Housing Agency implements the Pyrite Remediation Scheme. The Housing Agency currently has a programme of works extending until 2019. This is based on the volume of applications approved and the timing of those applications. The funding allocation for 2016 was €28m.

**Progress: Up to the end of 2016, 1,480 applications had been received under the pyrite remediation scheme, of which 1,277 have been approved for inclusion in the scheme. Remediation has been completed in 526 homes including more than 420 homes during 2016.**

## Unfinished Housing Developments

The Housing Agency works with the DHPLG and local authorities in addressing unfinished housing developments.

**Progress: The Annual Progress Report on Unfinished Housing Developments 2016 shows that in 2016 a further 248 developments were resolved in the year. There are 420 unfinished developments remaining, down from approximately 3,000 in 2010, representing an 85% decrease.**



## **OBJECTIVE**

### **Be a knowledge centre for housing policy and practice**

**One of the key Strategic goals of the Agency is to be a knowledge centre for housing policy and practice. The Agency undertakes research in-house, commissions research work in partnership and provides housing research support to other state agencies.**



#### **Research and publications**

**Progress: The Agency produced seven publications during 2016, which are detailed below. These reports can be accessed on the Agency's website.**

##### ***Social Housing Output in 2015***

In January 2016, the Agency jointly (with the then Department of Environment, Community, and Local Government) published a report on *Social Housing Output for 2015* which reported on progress in increasing the supply of social housing across the different funding streams. It reported that Exchequer funding for Social Housing increased to €800 million in 2015, a 26% increase on the previous year.

##### ***Submission to the Oireachtas Housing and Homeless Committee***

The Agency appeared before the Oireachtas Committee on Housing and Homelessness in April 2016. The Agency's presentation to the Committee set out priority actions to address the main obstacles to achieving a more balanced and sustainable housing system in Ireland. A key recommendation in the Agency's Submission was the need to adopt a National Housing Plan with targets for all categories of housing. Re-Building Ireland: Action Plan for Housing and Homelessness was subsequently published by the Government in July 2016.

##### ***Future Housing Needs of an Ageing Population***

The Agency undertook a study to report on the current and future housing needs of an ageing population in Ireland in partnership with the Ireland Smart Ageing Exchange (ISAX). The research project was delivered by Amarach. It involved a literature and policy review, a national survey, design workshops and a final report. The resulting report '*Housing for Older People – Thinking Ahead*' was launched in October 2016.

### **Design for Mental Health**

In partnership with the HSE, the Housing Agency prepared housing design guidelines to promote independent living and mental health recovery. This is the first time any such design guidelines targeting this cohort of the population have been produced anywhere in the world.

The guidelines can be used by anyone supporting those living with mental health conditions (e.g. builders, architects, designers, families, individuals, Local Authorities, Housing Bodies, etc). The guide should help overcome some of the obstacles to, and reduce the amount of assistance required for, a person with a persistent mental health condition to maintain and run their home.

### **Summary of Social Housing Assessments 2016**

In December, the Agency published the 2016 *Summary of Social Housing Assessments*. The report brings together information provided by local authorities on households in their functional area qualified for social housing support whose social housing needs is not being met. The Assessment recorded 91,600 households qualified for social housing support whose social housing need is not being met.

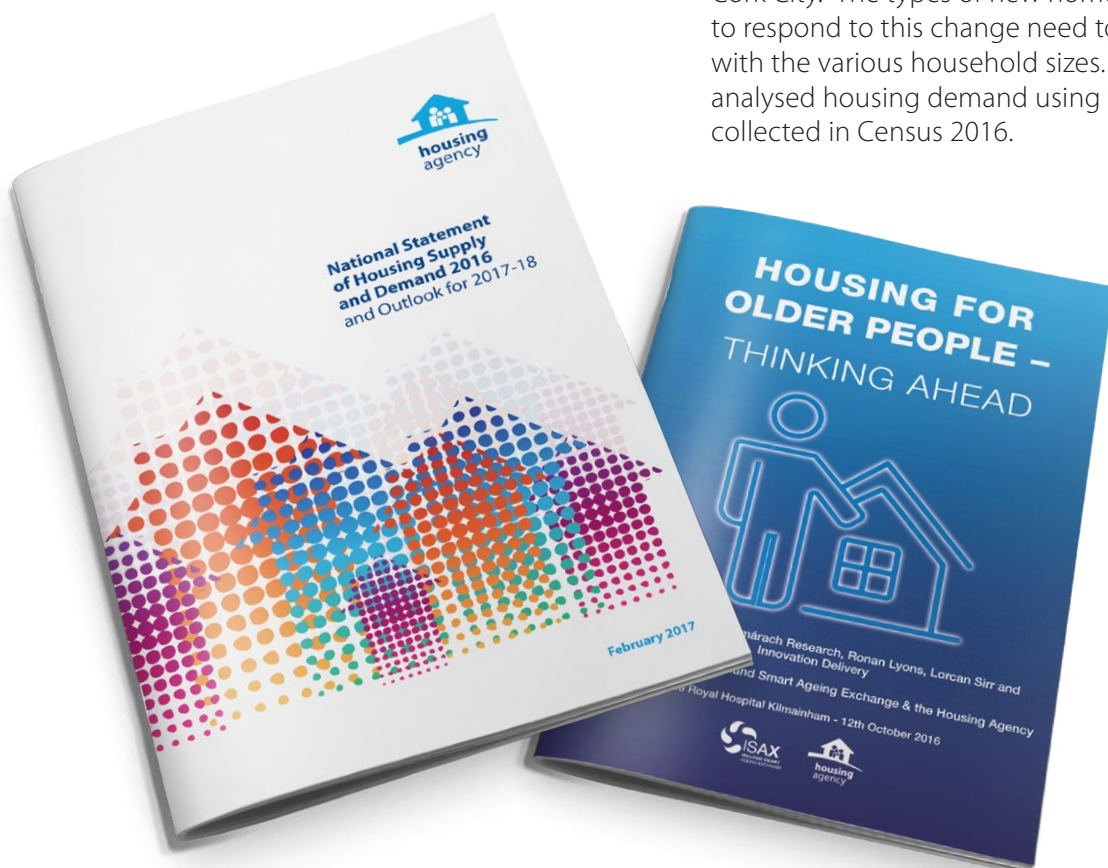
### **Traveller Accommodation**

During 2016 we commenced a review of Traveller Accommodation Programmes, an action under Rebuilding Ireland. We also began an in-house study of the Traveller Caravan Loan Scheme. A third study commenced on behalf of the Residential Tenancies Board, in respect of the Experiences of Travellers in the private rented sector.

### **Supply & Demand**

In February 2017, the Agency published a *National Housing Statement* which brought together data on the housing system. It reported some progress: in terms of an increase in the number of new homes coming on stream and also the number planned for. It is clear, however, that more homes are needed to meet the requirements of a growing and changing population. This is also key to our continued economic competitiveness.

The National Housing Statement was informed by analysis of housing demand using the information collected in last year's Census. It projected that a minimum of 81,000 new homes are needed by 2020 in our urban settlements. Over 40% of this demand is in the Dublin City region, and about 10% is in Cork City. The types of new homes required need to respond to this change need to be better aligned with the various household sizes. The Housing Agency analysed housing demand using the information collected in Census 2016.



New housing design guidelines for mental health users were published following collaborative research from the HSE and The Housing Agency. The *Design for Mental Health, Housing Design Guidelines* document is the first of its kind internationally. Pictured (L-R): Isoilde Dillon, John O' Connor, Conor Skehan, Emer Whelan and Áine O'Reilly (HSE).





## Engagement with Housing Sector

The Agency regularly engages with all its stakeholders, usually on a day to day basis through its overall work. In conjunction with this, the Agency hosts key events to bring together the relevant parties to ensure there is active engagement on a more formal basis.

### Progress: The following outlines the events the Agency held in 2016.

#### **Housing Agency Annual Conference**

Held on the 24th May 2016, in Dublin Castle, this conference was opened by Minister Simon Coveney TD, Minister for Housing, Planning, Community and Local Government.

This conference was aimed at the wider housing sector. Presentations focused on the issues surrounding housing affordability as we plan for the future, and in particular successful interventions to increase the affordability of housing supply.

#### **Housing Practitioners' Conference 2016**

The 2016 Housing Practitioners' Conference was held on 7 and 8 July 2016. The theme of the conference was Meeting the Delivery Challenge. Jointly organised with the Institute of Public Administration, it included presentations on Social Housing Strategy from the perspectives of the Department, Local Authorities, and AHBs, financial sustainability of the social housing investment and social housing reform.

#### **Housing Agency Autumn Lecture Series**

A series of evening symposiums were held throughout the autumn period in Dublin Castle. The focus of these were:

- 12th September 2016, on "Build to Rent"
- 25th October 2016, on "Affordability", with
- November 2016, on "Housing and Mental Health".

The November lecture was held in conjunction with the publication of the Design for Mental Health guide prepared by the Agency.

#### **Housing for Older People Thinking Ahead**

The Agency, in conjunction with ISAX (Ireland Smart Ageing Exchange), held a Symposium on the 12th October 2016.

At this event, the Report on "Housing for Older People – Thinking Ahead" was launched and its key findings discussed. The seminar facilitated engagement with stakeholders and stimulated the debate around housing options for older people, developing best practice and identifying ways forward.

## In Partnership with the Chartered Institute of Housing (CIH)

The Housing Agency continued to work in partnership with the Chartered Institute of Housing (Ireland) in 2016.

**Progress: This included the development of a good practice guide in respect of the management of empty social housing, "Effective Void Management in Ireland" During the year the CIH ran a number of events and workshops, based in the Housing Agency offices, to support housing practitioner skills development.**



## Housing Policy Support to DHPLG and Local Authorities

The Agency provides support to both the Department of Housing, Planning and Local Government and Local Authorities in respect of advice on social housing policy and practice.

**Progress: These ongoing supports included the summary of social housing assessment, Choice Based Lettings, rent assessments and Part V of the Planning and Development Acts.**

### **Summary of Social Housing Assessment**

In preparing for the publication of the Summary of Social Housing Assessment, the Agency worked with the Department to prepare a guidance manual for local authorities, held information seminars for housing practitioners and collated and assessed the data.

### **Choice Based Letting**

Under the terms of the Social Housing Allocation (Amendment) Regulations 2016, housing authorities must now incorporate the choice-based letting procedure into their allocations schemes. Choice Based Lettings provides an opportunity for prospective tenants to express an interest in renting social housing suitable to their needs in their preferred area. The Agency participated in the Pilot Group for Choice Based Lettings and advised the Department.

### **Rent Assessment**

The Agency advised the Department regarding the rental assessment process.

### **Part V of the Planning and Development Acts**

In 2016, the Agency supported the DHPLG regarding Part V of the Planning and Development Acts.

### **Housing Manual**

The Housing Manual continues to act as an important resource for local authority practitioners. At present, of the 1,000 registered users, 700 are based in Local Authorities. The Housing Manual is updated with latest circulars, content from workshops and seminars and gives overall information about various housing policies and schemes, including those relating to housing management, supply and pathways to home ownership.



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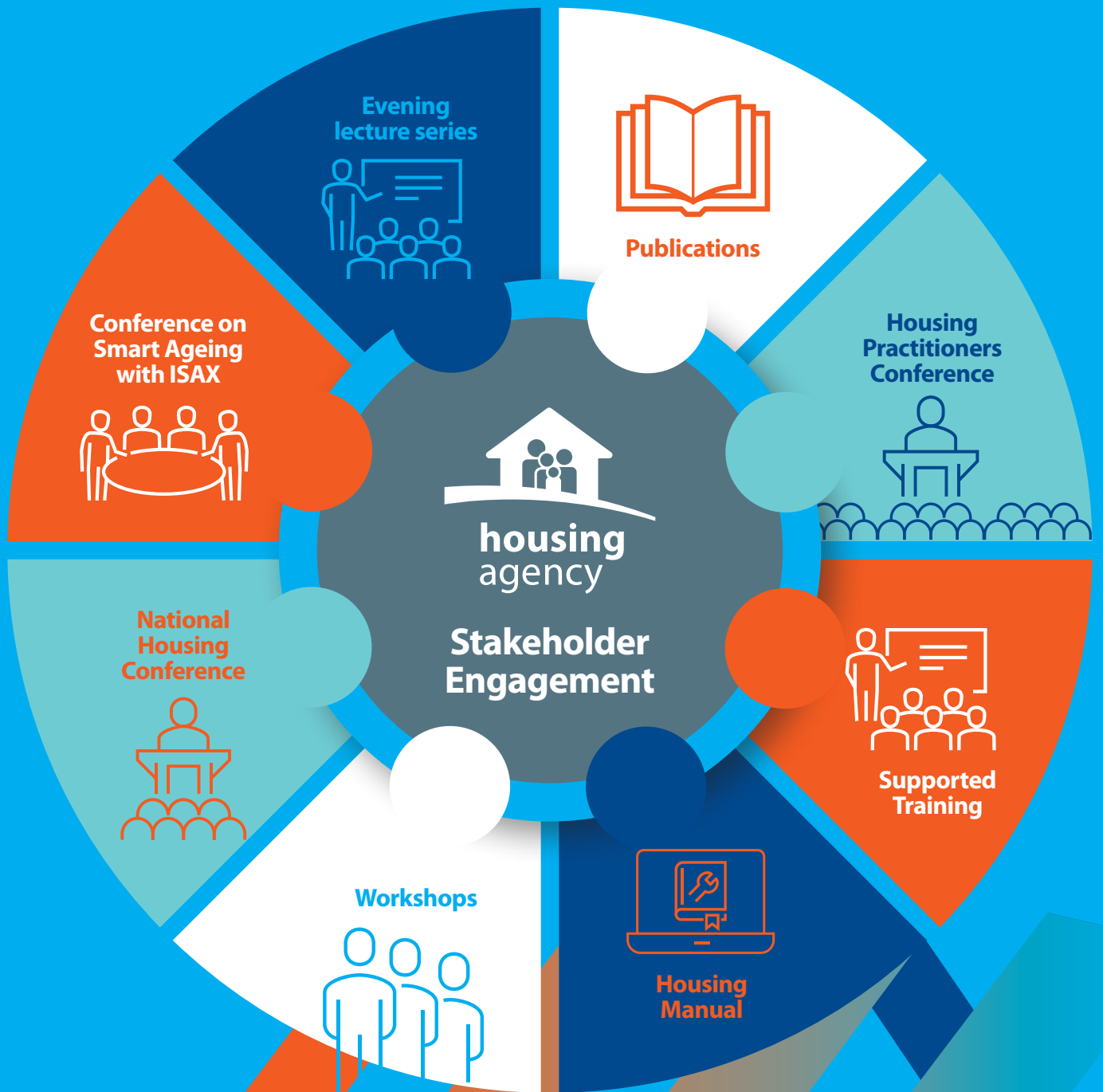
**“ A core strategic goal of the Agency is to be a knowledge centre for housing policy and practice.”**

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The Housing Agency, in conjunction with Ireland Smart Ageing Exchange (ISAX) held a special symposium on Housing for Older People in Royal Hospital, Kilmainham and launched the report “*Housing for Older People – Thinking Ahead*”, which was commissioned by the Agency and ISAX.

# Stakeholder engagement



## CHAPTER 04

# Accountability report

### **Code of Practice for the Governance of State Bodies 2016**

The Code of Practice for the Governance of State Bodies (the Code) was amended in 2016. The Agency is committed to maintaining strong standards of corporate governance, through compliance with the Code. Accordingly, work commenced on a compliance analysis to improve its governance structures in conjunction with the amended Code. The first tasks undertaken as part of this review were to develop and improve terms of reference for both the Board and the Audit & Risk Committee. Both terms of reference have been adopted by the Board. Work has continued to review the overall governance framework of the Agency.

### **Conflicts of Interest and Ethics in Public Office Act, 1995**

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

### **Freedom of Information Act, 2014**

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

### **Data Protection Acts, 1988 and 2003**

The Agency is a registered data controller and data processor under the Data Protection Acts. The Agency operates in accordance with a formal Data Protection Policy.

### **Protected Disclosures Act, 2014**

The Protected Disclosures Act, 2014, requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information to employees regarding these procedures. The Agency has these procedures in place. During 2016, no protected disclosures were made by an employee of the Agency under the terms of the legislation.

### **Taxation**

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

## Board Meeting Attendance and Fees in 2016

A total of 10 board meetings were held throughout 2016. The following table outlines the attendance and confirms that no member of the Board is in receipt of fees for sitting on the Board. The Agency confirms that no expenses were paid in 2016.

Board Member	Organisation	Appointment / Resignation	Attendance	Fees
Conor Skehan	Chairperson	Appointed July 2013	100%	nil
Donal McManus	Irish Council for Social Housing	Appointed January 2013	90%	nil
Bairbre NicAongusa	Department of the Housing, Planning, Community and Local Government (DHPLG).	Appointed April 2014	90%	nil
Dermot Nolan	Department of Public Expenditure and Reform (DPER)	Resigned March 2016	100%	nil
Tony O'Brien	Management Consultant	Appointed July 2013	90%	nil
John Burke	Department of Public Expenditure and Reform (DPER)	Appointed May 2016	80%	nil
John O'Connor	Chief Executive Officer, Housing Agency	Appointed January 2013	100%	nil
Eugene Cummins	Roscommon County Council	Resigned October 2016	90%	nil
Lorraine Lynch	Cork County Council	Appointed May 2015	60%	nil

## Salary of the Chief Executive

The Chief Executive's salary for 2016 was €117,603. This also reflects the reduction in salary under the Financial Emergency Measures in the Public Interest (No.2) Act 2009 (8%), and the Haddington Road Agreement 2013 (6.5%). The Chief Executive pension is part of a Housing Agency's model public sector defined benefit superannuation scheme.

# Housing Agency Strategic Plan 2015 – 2018



**Who we work with in the delivery of housing and housing services for citizens**

## Vision

Our vision is to enable everyone to live in good quality, affordable homes in sustainable communities.



## Housing goals

- Quality housing
- Adequate supply to meet demand
- Affordability
- Sustainability
- Cost-efficiency
- Customer centred
- Security of Tenure

## Mission

Our mission is to be housing experts driven by an understanding of the central role housing plays in people's quality of life and life chances



## What we will do

- Enable increased supply through promotion of quality and sustainability in housing delivery and management
- Provide a range of resolution services to address national level housing issues
- Be a knowledge-centre for housing policy and practice

## Values

Our values are: independent influence, quality expertise, innovation and solution focused, respected reputation and collaboration



## Our priorities

- Housing supply across all delivery mechanisms
- Regulation of Approved Housing Bodies
- Pyrite resolution
- Land aggregation
- Regeneration and refurbishment
- Housing research
- Support for housing practitioners
- Inform policy design and support implementation



## What we need to achieve our vision

- Adequate resources according to priorities/sufficient staff
- Adequate funding
- Good governance
- Monitor progress
- Active Stakeholder management

## CHAPTER 05

# Financial statements

## Board Members' Responsibilities

### Financial Statements

Section 11(1) of the Housing and Sustainable Communities Agency (Housing Agency) Establishment Order, SI No. 264 of 2012 requires the Housing Agency to keep, in such form as may be approved by the Minister with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of all the monies received or expended by it, and in particular, to keep all such special accounts as the Minister with the consent of the Minister for Public Expenditure and Reform may from time to time direct.

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

In preparing these statements the Housing Agency is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare financial statements on a going concern basis unless it is inappropriate to presume that the Board will continue in operation;

- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standard.

The Board is responsible for ensuring that the Agency keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Housing Agency, enable at any time the assets, liabilities, financial position and the income and expenditure of the Housing Agency to be determined with reasonable accuracy, which enables the Board to ensure that the financial statements comply with Section 11(1) of the Establishment Order, 2012 and Section 25(1) of the Pyrite Resolution Act 2013. The Board is also responsible for safeguarding the assets of the Housing Agency and, hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board



**Conor Skehan**  
Chairperson

**John O'Connor**  
Chief Executive

18th October 2017



# Statement on Internal Financial Control

## System of Internal Financial Control

The Board is responsible for the Housing and Sustainable Communities Agency's system of internal financial control. The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

## Key Control Procedures

The Agency has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities where procuring services and goods to achieve the best value possible to the Housing Agency;
- Establishing controls and procedures to ensure compliance with national and EU procurement requirements;
- Clearly defining authorisation levels where committing to expenditure; and
- Establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

The Agency has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable;
- Assessing the likelihood of identified risks occurring;
- Assessing the body's ability to manage and mitigate the risks that do occur;
- Assessing the costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability.

It includes:

- A budgeting system with an annual budget which is reviewed and agreed by the Board;
- Reviews by the Board with periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance.

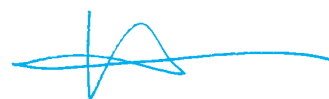
The Audit and Risk Committee met regularly under formal terms of reference. The Housing Agency outsources its internal audit function, but also has an Internal Audit Officer to carry out regular arbitrary checks. The Committee has the power to review any matters relating to the internal control systems and the Internal Audit Officer.

## Review of Internal Financial Controls

I confirm that the Board carried out a review of the effectiveness of the system of internal financial controls in respect of 2016.

The Internal Audit Officer carried out a review, and this has been reviewed by the Audit and Risk Committee, and the Committee has affirmed to me that the controls are operating satisfactorily. In assessing this review, the Committee confirmed that no significant issues or any cases of fraud or material loss were identified.

I am satisfied that the Housing Agency complied with all the relevant policies and guidance that governs the Housing Agency and adhered to guidance set down by the Department of Public Expenditure and Reform (DPER) in relation to procurement and governance



**Conor Skehan**  
Chairperson

**18th October 2017**

# Comptroller and Auditor General's Report Report for Presentation to the Houses of the Oireachtas

## Housing and Sustainable Communities Agency

I have audited the financial statement of the Housing and Sustainable Communities Agency for the year ended 31 December 2016, as provided under the Housing and Sustainable Communities Agency (Establishment) Order 2012 and Section 25 of the Pyrite Resolution Act 2013, in relation to monies received and expended by it under both the Order and the Act. The financial statements comprise the statement of income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 11 of the Order and Section 25 of the 2013 Act, and in accordance with generally accepted accounting practices.

## Responsibilities of the members of the Agency

The Agency is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

## Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of Audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Agency's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements

I also seek to obtain evidence about the regularity of financial transactions in the course of the audit.

In addition, I read the Agency's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

## Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Agency at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Agency were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

### **Matters on which I report exception**

I report by exception if I have not received all the information and explanations I required for my audit, or if I find:

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Agency's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



**Patricia Sheehan**  
**For and behalf of the Comptroller**  
**and Auditor General**

**Date: 26th October 2017**

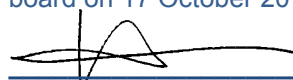


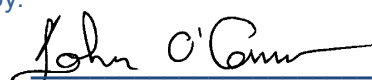
# Statement of Income and Expenditure

For the year ended 31 December 2016

<u>Income</u>	Notes	2016 €	2015 € Restated
Oireachtas Recurrent Grant	5.1	4,069,000	3,490,000
Oireachtas Recurrent Grant – Water Services Investment Programme	5.1	-	107,098
Oireachtas Recurrent Grant - Research	5.1	-	3,362
Pyrite Fund	5.1	26,999,642	10,452,120
Pyrite Remediation - Other Income	5.7	317,400	484,000
Staff & services supplied by Homebound	5.8	348,228	232,283
Fee Income	5.2	671,082	452,744
Recoupment NBA Pay Costs	5.3	290,541	1,039,563
Recoupment of Expenses From Other State Bodies	5.4	187,274	254,628
Rental Income	5.5	11,726	58,476
Other Income	5.6	338,800	15,060
Deposit Interest Receivable		58	4,126
Net Deferred Funding for Pensions	17(c)	484,000	280,000
<b>Total Income</b>		<u>33,717,751</u>	<u>16,873,460</u>
<b>Transfer from / (to) Capital Reserves</b>		<u>38,518</u>	<u>(190,891)</u>
		<u>33,756,269</u>	<u>16,682,569</u>
<u>Expenditure</u>			
Employment Costs	6(b)	2,607,599	3,272,901
Office Administration Costs	7	747,105	546,539
Legal and Professional Fees	8	916,549	800,119
Pyrite Remediation Scheme	9	26,999,642	10,452,121
Legal and Professional Fees - Property acquisitions		325,043	-
Payment to the Exchequer	5.7	317,400	484,000
Homebond staff & services	10	348,228	232,283
Depreciation	11	48,950	39,631
Pension Costs	17(a)	350,818	213,497
National Building Agency	23	-	121,888
Bad Debt Provision		(9,672)	107,973
<b>Total Expenditure</b>		<u>32,651,662</u>	<u>16,270,952</u>
<b>Surplus for the year</b>		<u>1,104,607</u>	<u>411,617</u>

Notes 1 to 25 form part of these Financial Statements. The financial statements were approved by the board on 17 October 2017 and signed on behalf of the Board by:

  
 \_\_\_\_\_  
**Conor Skehan**  
 Chairperson  
 Date: 18<sup>th</sup> October 2017

  
 \_\_\_\_\_  
**John O' Connor**  
 Chief Executive Officer

# Statement of Comprehensive Income

For year ended 31 December 2016

	Notes	2016 €	2015 Restated €
Surplus for the year		1,104,607	411,617
Actuarial Gain / (Loss) on Pension Liabilities	17(b)	(781,000)	(338,000)
Deferred Pension Funding	17(c)	781,000	338,000
<b>Total Comprehensive Income for the year</b>		<u>1,104,607</u>	<u>411,617</u>
Prior year adjustment	4	(257,076)	0
<b>Revised Total Comprehensive Income</b>		<u><u>847,531</u></u>	<u><u>411,617</u></u>

Notes 1 to 25 form part of these Financial Statements. The financial statements were approved by the board on 17 October 2017 and signed on behalf of the Board by:

  
Conor Skehan  
Chairperson

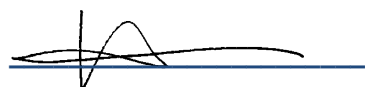
  
John O'Connor  
Chief Executive Officer

Date: 18<sup>th</sup> October 2017

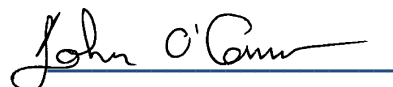
# Statement of Financial Position as at 31 December 2016

	Notes	2016		2015 Restated	
		€	€	€	€
<b>Tangible Fixed assets</b>					
Property, Plant & Equipment	11		409,449		447,966
<b>Current assets</b>					
Accrued Income	12	120,412		64,528	
Development Lands	13	1,441,247		1,441,247	
Housing Acquisitions – Deposits paid	21	2,339,025		0	
Housing Acquisitions – Stock of houses for resale	21	7,613,000		0	
Receivables	14	3,547,537		1,106,679	
Lands Held Under Aggregation Scheme	19	73		73	
Cash At Bank And In Hand	15	2,369,478		5,212,498	
		<u>17,430,772</u>		<u>7,825,025</u>	
<b>Current Liabilities</b>					
Payables	16	<u>(3,341,032)</u>		<u>(4,791,916)</u>	
Net Current Assets			14,089,740		3,033,109
<b>Total Assets less Current Liabilities before Pensions</b>			<u>14,449,189</u>		<u>3,481,075</u>
Deferred Pension Funding	17(c)	2,713,000		1,448,000	
Pension Liabilities	17(b)	<u>(2,713,000)</u>		<u>(1,448,000)</u>	
			-		-
<b>Net Assets</b>			<u>14,449,189</u>		<u>3,481,075</u>
<b>Capital and Reserves</b>					
Capital Contribution			1,944,145		1,944,145
Housing Acquisitions Funding	21		9,952,025		-
Capital Reserve	4		409,449		447,967
Revenue Reserves			<u>2,193,570</u>		<u>1,088,963</u>
			<u>14,449,189</u>		<u>3,481,075</u>

Notes 1 to 25 form part of these Financial Statements. The financial statements were approved by the board on 17 October 2017 and signed on behalf of the Board by:



**Conor Skehan**  
Chairperson



**John O' Connor**  
Chief Executive Officer

Date: 18<sup>th</sup> October 2017

# Statement of Changes in Equity

## Reserves

	Capital Contribution	Retained Earnings	Capital Reserve	Total Reserves
	€	€	€	€
At 01 January 2016	1,944,145	1,088,963	447,967	3,481,075
<b>Comprehensive income for the year</b>				
Surplus for the year	-	1,104,607		1,104,607
Transfer (to)/from Revenue			(38,518)	(38,518)
<b>Total comprehensive income for the year</b>	-	1,104,607	(38,518)	1,066,089
At 31 December 2016	1,944,145	2,193,570	409,449	4,547,164

	Capital Contribution	Retained Earnings	Capital Reserve As Restated	Total Reserves
	€	€	€	€
At 01 January 2015	1,944,125	934,442	-	2,878,567
Adjustment to Opening Reserves	-	(257,076)	257,076	-
Restated Reserves at 1 January 2015	1,944,125	677,366	257,076	2,878,567
<b>Comprehensive income for the year</b>				
Surplus for the year	-	602,508	-	602,508
Land transferred under the Land Aggregation	20	(20)		-
<b>Total comprehensive income for the year</b>	20	602,488	-	602,508
Prior Year Adjustment	-	(190,891)	190,891	-
At 31 December 2015	1,944,145	1,088,963	447,967	3,481,075

Notes 1 to 25 form part of these Financial Statements. The financial statements were approved by the board on 17 October 2017 and signed on behalf of the Board by:

  
 \_\_\_\_\_  
**Conor Skehan**  
 Chairperson

  
 \_\_\_\_\_  
**John O' Connor**  
 Chief Executive Officer

**Date: 18<sup>th</sup> October 2017**

# Statement of Cash Flows

## For Year Ended 31 December 2016

	Notes	2016 €	2015 €
<b>Reconciliation of Net Movement for the Year to Net Cash Inflow from Operating Activities</b>			
Operating surplus for year		1,104,607	411,617
Depreciation	11	48,950	39,631
Bank Interest Earned		(58)	(4,126)
Transfer (from) / to Capital Account		(38,518)	190,891
(Increase) / Decrease in other current assets		(55,886)	111,567
(Increase) / Decrease in Receivables		(2,440,858)	(813,965)
(Decrease) / Increase in Payables		(1,450,883)	1,468,020
<b>Net Cash generated from Operating Activities</b>		<b>(2,832,646)</b>	<b>1,403,635</b>
<b>Cash Flow Statement</b>			
Net Cash Inflow/ (Outflow) From Operating Activities		(2,832,646)	1,403,635
<b>Cash flows from Investing Activities</b>			
Purchase of Tangible Fixed Assets	11	(10,432)	(230,522)
<b>Net Cash from financing activities</b>			
Bank Interest Earned		58	4,126
<b>Increase / (Decrease) in Cash</b>		<b>(2,843,020)</b>	<b>1,177,239</b>
<b>Reconciliation of Net Cash Flow to Movements in Net Funds</b>			
Net Funds at 01 January 2016		5,212,498	4,035,259
Net Funds at 31 December 2016		2,369,478	5,212,498
<b>Increase / (Decrease) in Cash</b>		<b>(2,843,020)</b>	<b>1,177,239</b>

Notes 1 to 25 form part of these Financial Statements. The financial statements were approved by the board on 17 October 2017 and signed on behalf of the Board by:

  
 Conor Skehan  
 Chairperson

  
 John O' Connor  
 Chief Executive Officer

Date 18<sup>th</sup> October 2017



# Notes to the Financial Statements

For the year ended 31 December 2016

## Accounting Policies

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

### General Information

#### 1.1 Establishment of the Housing Agency

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

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

The Housing Agency operated through the Housing and Sustainable Communities Limited (HSC) pending its establishment on a statutory basis. The assets and liabilities of HSC Limited were transferred to the Housing Agency in 2013. The assets transferred included development lands (Note 13) and lands held under the Land Aggregation Scheme (Note 19).

#### Additional functions

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

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

**Assisting local authorities in purchasing housing** – From July 2015, the Housing Agency also purchases houses from liquidators/receivers on behalf of local authorities. See Note 20.

### **1.1 Establishment of the Housing Agency (continued)**

#### **Action Plan for Housing and Homelessness**

The Housing Agency has been tasked with the acquisition of vacant housing for social housing use under the Action Plan for Housing and Homelessness. The Agency's role in this regard is to engage with banks, investors and other potential owners of multiple property portfolios to acquire properties on a national basis. The Agency receives funding from the Department of Housing, Planning and Local Government under the action plan for housing and homelessness. The funding is provided by way of a revolving grant of up to €70 million to allow the Agency to purchase unoccupied properties from banks, investment funds and others and the scheme commenced in late 2016. It is planned that properties purchased will be sold to approved housing bodies in a short timescale. The Agency intends making neither a profit or loss on the scheme. (see Note 21)

### **1.2 Statement of Compliance**

The financial statements of the Agency for the year ended 31 December 2016 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

### **1.3 Basis of Preparation**

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

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

The following principal accounting policies have been applied.

### **1.4 Going Concern**

The financial statements are prepared on the going concern basis.

### **1.5 Income Policy**

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

The Department of Housing, Planning and Local Government (DHPCLG) advances funds to the Housing Agency in relation to costs incurred by it in relation to the Pyrite remediation scheme. Income is recognised in the Financial Statements when received from the Department. Income recognised in the financial statements is matched with the expenditure incurred in the period. Where expenditure in the period exceeds the grant amount actually drawn down, the amounts due from the Department are recognised as a debtor. The Agency recognises an amount as deferred income where it has drawn down amounts in excess of expenditure.

## 1.5 Income Policy (continued)

Income from professional fees represents gross income less value added tax (VAT) of work performed during the period.

Fee income is recognised in respect of work completed, not yet invoiced. The value is calculated based on the time spent and expenses incurred on projects. The amount due is recognised as accrued income and included as an asset.

## 1.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the asset into working condition for its intended use.

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

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

A review of fixed assets was undertaken in 2016 resulting in the reclassification of expenditure. See Note 4 Prior Year Adjustment.

## 1.7 Development Land

Development land held by the Housing Agency was originally bought by the National Building Agency Limited (NBA) and Housing and Sustainable Communities Limited (HSC Ltd) for future development purposes. As part of the rationalisation process, these assets were transferred to the Housing Agency. These were transferred into the Housing Agency in 2013 at their open market value. The total value of these at the time of transfer was €1,441,247 (note 13). The Housing Agency continues to recognise these lands at the 2013 market values.

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

## 1.8 Land Aggregation Scheme

The land aggregation scheme was established in 2010. Under the scheme, local authorities could for a nominal fee transfer residential development land on which there were outstanding Housing Finance Agency loans to the Housing Agency. The scheme closed in December 2013 and at that time the Department had approved the transfer of 73 sites with a total area of 247 hectares. At 31 December 2016, all approved sites have been transferred to the Housing Agency.

The Housing Agency is responsible for the management and maintenance of the lands transferred under the scheme. The Housing Agency does not have the authority to dispose of or develop a site without Ministerial sanction.

The Agency is unable to reliably value its site holdings pending completion of its proposals for future use of the sites and the receipt of Ministerial sanction thereon. As a result, properties were transferred to the Housing Agency under the Land Aggregation Scheme are held at a nominal value of €1 per site transferred (Note 19).

The Housing Agency has been requested to value the sites and this request will be discussed with the Department and progressed.

### **1.9 Receivables**

Short term debtors are measured at transaction price, less any impairment.

### **1.10 Cash and Cash Equivalents**

Cash is represented by deposits with financial institutions.

### **1.11 Non-cash transactions**

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

### **1.12 Payables**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **1.13 Retirement Benefits**

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

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

Pension costs reflect pension benefits earned by employees, and are shown net of staff pension contributions which are remitted to the Department of Housing, Planning and Local Government. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

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

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

### **1.14 Housing Acquisitions Programme**

The revolving grant of €70 million (Refer 1.1) is treated as long term funding and is shown in Capital and Reserves. Deposits paid on properties are accounted for in Current Assets and properties purchased but not sold/transferred are accounted for in Housing stock of houses for re-sale.

## 1.15 Capital Account

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

## 1.16 Currency

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

## 2. Judgments in applying accounting policies and key sources of estimation uncertainty

### Useful Lives of Tangible Fixed Assets:

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

## 3. Critical Accounting Judgements and Estimates

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

### Impairment of Property, Plant and Equipment

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

### Depreciation and Residual Values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

### Retirement Benefit Obligation

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

The assumptions can be affected by:

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

#### 4. Prior Year Adjustment

In previous periods the portion of the Oireachtas, Grant Income used to purchase Tangible Fixed Assets was not transferred to a Capital Reserve Account.

In order to more accurately reflect both current and capital expenditure in the Agency and to reflect generally accepted accounting practice for State bodies, a change of accounting treatment is required. The effect of this change is to reclassify the portion of Revenue Reserves related to expenditure on Tangible Fixed Assets to a Capital Reserve Account. This reclassification will be achieved by making an annual transfer (to) / from the Capital Reserve Account in the Statement of Income and Expenditure of expenditure on Tangible Fixed assets. The transfer (to) / from the Capital Reserve Account will include an amortisation amount in line with the Tangible Fixed Assets depreciation charge.

The effect of implementing the new treatment is:

Reserves	2016 – Revised €	2016 – With no Transfer to / (from) Capital Account €	2015 – Revised €	2015 – With no Transfer to / (from) Capital Account €
Revenue Reserves - Balance at 1 January	1,088,963	1,536,930	934,442	934,442
Prior Year Adjustment – Transfer from Revenue Reserve Account (to) / from Capital Reserve Account for periods prior to 31 December 2014*	0	0	(257,076)	0
Restated Revenue Reserves Balance at 1 January	1,088,963	1,536,930	677,366	934,442
Comprehensive income for the year	1,104,607	1,066,089	602,488	602,488
Prior Year Adjustment – Transfer from Revenue Reserve Account (to) / from Capital Reserve Account for 2015*	0	0	(190,891)	0
Revenue Reserve at 31 December	2,193,570	2,603,019	1,088,963	1,536,930

## 4. Prior Year Adjustment (continued)

### Statement of Income and Expenditure

	2016		2015	
	Revised	2016	Revised	2015
Surplus for the year	1,066,089	1,066,089	602,508	602,508
Transfer to / (from) Capital Reserve	38,518	0	(190,891)	0
Surplus for the year	1,104,607	1,102,819	411,617	602,508

\* = The Prior Year Adjustment amounts to €447,967\*\* which is the sum of the additions and amortisations in line with depreciation charged for the periods prior to 31 December 2014 of €257,076 and the additions and amortisations in line with depreciation in 2015 of €190,891 for the year 2015.

\*\* = The transfer to the Capital Reserve in 2013 includes an amount of €33,955 in additions which were transferred to the Agency from the Housing and Sustainable Communities Limited.

\*\*\* the difference in surplus figures for 2016 reflects the inclusion of a Transfer from Capital in the 2016 Revised figures of €38,518.

## 5 Income

### 5.1 Oireachtas Grant

The Housing Agency was formally established on a statutory basis on 01 August 2012 (Establishment Day) under the Housing and Sustainable Communities Agency (Establishment) Order 2012 (S.I. No. 264 of 2012), and receives funding from the Department of Housing, Planning and Local Government. The Department of Housing, Planning and Local Government provides an annual state grant to the Housing Agency to support the work undertaken.

The Housing Agency receives funding from the Department of Housing, Planning and Local Government as follows:

- (i) Annual state grant to the Housing Agency to support the work undertaken.
- (ii) Funding in relation to the Agency's administration of the Pyrite Resolution Scheme on behalf of the Pyrite Resolution Board (see policy 1.1)
- (iii) Water Services Investment Programme – the provision of major water and wastewater schemes to meet key environmental and economic objectives.
- (iv) Research

The Department of Housing, Planning and Local Government also requested the Housing Agency to undertake work that was outside of the service level agreement, which incurred additional costs. The recoupment of these costs was agreed upon.

## 5 Income (continued)

### Grants received from Department of Housing, Planning and Local Government Vote 34

	2016	2015
	€	€
Grant (Subhead A.9.3.1 & A.9.3.2)	4,069,000	3,490,000
Grant – Water Services Investment Programme (Subhead B.3.1.1.2)	-	107,098
Grant – Research (Subhead A.9.2.1.1)	-	3,362
Pyrite - Pyrite Resolution Board (Subhead A.9.5.1)	26,999,642	10,452,120
	<u>31,068,642</u>	<u>14,052,580</u>

### 5.2 Fee Income

Fee income represents charges to clients (local authorities or other state bodies) in respect of services undertaken by the Housing Agency, including research services, architectural services, quantity surveying services and inspection services. It also includes Accrued Income invoiced during the period (note 12).

	2016	2015
	€	€
Fee Income	671,082	452,744

### 5.3 Recoupment of National Building Agency Limited (NBA) Pay Costs

The National Building Agency Limited (NBA) is being wound down and its employees have been transferred to other state bodies. As an interim measure, these employees were paid by the Housing Agency. The costs of these payments were recouped from the relevant state bodies. The redeployment of the National Building Agency Limited (NBA) staff was completed in 2016.

	2016	2015
	€	€
Recoupment of The National Building Agency Limited (NBA)	290,541	1,039,563

### 5.4 Recoupment of Expenses From Other State Bodies

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

	2016	2015
	€	€
Recoupment of Expenses From Other State Bodies	187,274	254,628



## 5 Income (continued)

### 5.5 Rental Income

Rental Income comprises of rents received in relation to land assets held by the Housing Agency.

	<b>2016</b>	<b>2015</b>
	<b>€</b>	<b>€</b>
Rental Income	11,726	58,476

### 5.6 Other Income

The 2016 figure primarily relates to the disposal of part of a Land Aggregation site at Duntahane Road, Fermoy, Co. Cork. The Housing Agency has requested that these monies be retained to cover the costs of site security and maintenance of sites. The 2015 figure primarily relates to the income provided by the National Building agency to cover the costs of the Foley scholarship that transferred to the Housing Agency.

	<b>2016</b>	<b>2015</b>
	<b>€</b>	<b>€</b>
Other Income	338,800	15,060

### 5.7 Pyrite Other

Under the Pyrite Resolution Act 2013, the Pyrite Remediation Board has an obligation to recover from any party with a liability and the capacity, all or part of the costs of remediating dwellings. In 2016, the Agency received a total of €317,400 from these third parties as a contribution to pyrite costs (2015 €484,000). These monies were remitted directly to the Department of Housing, Planning and Local Government.

### 5.8 Homebond

In 2016, Homebond provided the services of a project manager to manage a number of the pyrite remediation projects. This is part of an agreement whereby Homebond is to provide staff and services to the value of €2 million to the Agency. In 2016, the value of such staff and services provided was estimated at €348,228 (2015 €232,283).

## 6 Employees and Board Members

	2016	2015
	€	€
<b>(a) Number of employees</b>		
The average number of employees during the year was:	47	31
<b>(b) Employment costs</b>		
Wages and salaries	1,929,380	1,782,234
Social Welfare costs	227,556	160,833
Other pension costs	-	56,725
Costs in respect of NBA assigned staff	196,907	989,290
Social Welfare Costs in respect of NBA assigned staff	89,716	166,238
	<u>2,443,559</u>	<u>3,155,320</u>
Travel and Other Staff Costs	164,040	117,581
	<u>2,607,599</u>	<u>3,272,901</u>

### (c) Pension Related Deduction

During the year pension related deductions of €114,098 were deducted from staff and paid over to the Department of Housing, Planning and Local Government.

### (d) Board Members Emoluments

Board members are not in receipt of fees for sitting on the Board of the Housing Agency, and no expenses were paid in respect of the 12 month period 31 December 2016. It should be noted Caroline Gill from the Pyrite Remediation Board was paid expenses on 8 February 2016 of €2,400.

### (e) Chief Executive's Remuneration

The Chief Executive's salary for 2016 was €117,603. This also reflects the reduction in salary under the Financial Emergency Measures in the Public Interest (No.2) Act 2009 (8%), and the Haddington Road Agreement 2013 (6.5%). The Chief Executive pension is part of a Housing Agency's model public sector defined benefit superannuation scheme.

### (f) Salary bands

The following is the information required for disclosure under FRS 102:

Salary	No of Staff	
	2016	2015
Under €60,000	29	16
60,000-70,000	8	5
70,000-80,000	7	7
80,000-90,000	1	0
90,000-100,000	1	2
110,000-120,000	1	1

## 7 Administration Costs

	2016	2015
	€	€
Rent Payable	3,228	4,843
Rates	35,313	36,462
Insurance	49,565	47,312
Light and Heat	18,018	22,531
Cleaning	21,656	16,345
Repair and Maintenance	45,165	20,289
Printing Postage and Stationary	61,318	48,558
Communications	263,693	143,141
Information Communications Technology	136,450	86,583
Premises Costs	37,054	26,243
Bank Charges	1,083	1,258
Meeting and Kitchen Costs	35,199	18,971
General Expenses	3,864	2,925
Local Authority Training	526	-
Subscriptions	10,556	-
Foley Scholarship / Educational Support	24,417	71,078
	<u>747,105</u>	<u>546,539</u>

## 8 Legal and Professional Fees

	2016	2015
	€	€
Legal and Professional	581,575	693,738
Research	249,731	-
Accountancy	34,408	85,363
Audit	15,900	12,900
Internal Audit	34,935	8,118
	<u>916,549</u>	<u>800,119</u>

## 9 Pyrite Remediation Scheme Costs

The Agency administers the Pyrite remediation scheme which came into operation on 13 February 2014. Up to 31 December 2016, the Agency has made payments of €38.2 million under the scheme. Details of payments in 2015 and 2016 are set out below. Note 22 sets out details of future commitments under this scheme.

	2016	2015
	€	€
Pay Costs	480,689	218,610
Construction Consultants	950,771	747,808
Works Contractors	23,677,415	8,019,491
Homeowner Payments	1,818,504	1,214,338
Legal and Professional	32,547	225,374
Information Communications Technology	1,684	13,864
Other admin costs	38,032	12,636
	<u>26,999,642</u>	<u>10,452,121</u>

**10 Other Pyrite Remediation Scheme Costs**

Payment to the Exchequer	Note 5.7	317,400	484,000
Staff & services provided by Homebond	Note 5.8	348,228	232,283
		<u>348,228</u>	<u>232,283</u>

**11 Property, Plant and Equipment**

	Fixtures fittings and equipment	Buildings	Computer Equipment	Total
	€	€	€	€
<b>Cost</b>				
Opening Balance at 01 January 2016	112,277	273,255	142,802	528,334
Additions at Cost	5,610	-	4,822	10,432
Balance at 31 December 2016	<u>117,877</u>	<u>273,255</u>	<u>147,624</u>	<u>538,766</u>
<b>Depreciation</b>				
Opening Balance at 01 January 2016	17,408	9,906	53,053	80,367
Depreciation for the Period	15,386	3,851	29,713	48,950
Balance at 31 December 2016	<u>32,794</u>	<u>13,757</u>	<u>82,766</u>	<u>129,317</u>
<b>Net Book Value</b>				
At 31 December 2016	<u>85,093</u>	<u>259,498</u>	<u>65,858</u>	<u>409,449</u>
At 31 December 2015	<u>94,869</u>	<u>263,349</u>	<u>89,749</u>	<u>447,967</u>
	€	€	€	€
<b>Cost</b>				
Opening Balance at 01 January 2015	37,001	165,972	94,839	297,812
Additions at Cost	75,276	107,283	47,963	230,522
Balance at 31 December 2015	<u>112,277</u>	<u>273,255</u>	<u>142,802</u>	<u>528,334</u>
<b>Depreciation</b>				
Opening Balance at 01 January 2015	9,244	6,076	25,416	40,736
Depreciation for the Period	8,164	3,830	27,637	39,631
Balance at 31 December 2015	<u>17,408</u>	<u>9,906</u>	<u>53,053</u>	<u>80,367</u>
<b>Net Book Value</b>				
At 31 December 2015	<u>94,869</u>	<u>263,349</u>	<u>89,749</u>	<u>447,967</u>
At 31 December 2014	<u>27,757</u>	<u>159,896</u>	<u>69,423</u>	<u>257,076</u>

## 12 Accrued Income

	2016	2015
	€	€
Accrued Income at 01 January	64,528	176,118
Income Invoiced up to 31 December	(615,198)	(564,334)
Fee Income Note 5.2	671,082	452,744
Accrued Income at 31 December 2016	<u>120,412</u>	<u>64,528</u>

Accrued Income comprises work carried out but not yet invoiced as fee income.

## 13 Development Lands

	2016	2015
	€	€
Development Lands	<u>1,441,247</u>	<u>1,441,247</u>
	<u>1,441,247</u>	<u>1,441,247</u>

Development lands held by the Housing Agency comprise of eight sites which were transferred from Housing and Sustainable Communities Limited (HSC Ltd) during 2013. The market value of these lands as at 06 March 2013 was €736,822. This valuation was carried out by Sherry Fitzgerald Limited, Auctioneers and Valuers during 2013.

An additional five sites transferred from the National Building Agency Limited (NBA) directly to the Housing Agency in 2013. The value of these lands as at 06 March 2013 was €741,501. This valuation was carried out by Sherry Fitzgerald Limited during 2013. Disposal costs of 5% of the market value of these lands were accrued in the accounts of the NBA prior to the transfer giving a residual market value of €704,426.

## 14 Receivables

	2016	2015
	€	€
Trade Receivables	161,896	388,502
Other Receivables	3,351,820	635,649
Prepayments	33,821	82,528
	<u>3,547,537</u>	<u>1,106,679</u>

## 15 Cash and Cash Equivalents

	2016	2015
	€	€
Cash at bank	2,366,738	4,813,326
Deposit Account	2,740	399,172
	<u>2,369,478</u>	<u>5,212,498</u>

## 16 Payables; amounts falling due within one year

## (a) Payables

	2016 €	2015 €
Trade Payables	(11,747)	(40,436)
Other Payables	(16,765)	(123,679)
Harcourt Liability 16 (b)	(196,406)	(196,406)
Accruals	(316,551)	(2,130,755)
PAYE/PRSI	(107,127)	(76,588)
Value Added Tax	(902,232)	(1,008,869)
Withholding Tax	(70,333)	(36,986)
Pyrite Fund Deferred Income	(547,798)	(947,441)
Property Disposals	(882,000)	0
Wages control	(62,472)	0
Income Tax Refund	0	(3,155)
Pension Contribution	(227,601)	(227,601)
	<u>(3,341,032)</u>	<u>(4,791,916)</u>

## (b) Harcourt Liability

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

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

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

### (b) Harcourt Liability continued

As of 31 December 2015, the sum of €196,406 remains with the Housing Agency in respect of this liability. This amount is held at the direction of the Department of Housing, Planning and Local Government. At 31 December 2015, the Housing Agency has no other liabilities to any party in respect of this matter.

	2016	2015
	€	€
Funds held by Housing Agency at 1st January	196,406	1,475,990
Funds advanced by OPW	2,519,148	-
Paid to beneficiary during the period	(2,519,148)	(1,279,584)
Funds on hand at end of period	<u>196,406</u>	<u>196,406</u>

## 17 Pension Scheme

### (a) Analysis of Total Pension Costs Charged to Expenditure

	2016	2015
	€	€
Current Service Costs	447,000	234,000
Interest on Pension Scheme Liabilities	37,000	46,000
Employee Contributions	(133,182)	(66,503)
	<u>350,818</u>	<u>213,497</u>

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

	2016	2015
	€	€
Opening Liability at 01 January 2016	1,448,000	830,000
Current Service Cost	447,000	234,000
Interest Cost	37,000	46,000
Actuarial Loss / (Gain)	781,000	338,000
Net Pension Liability at 31 December 2016	<u>2,713,000</u>	<u>1,448,000</u>

**17 Pension Scheme (continued)****(c) Deferred Funding for Pensions**

The Housing Agency recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described in note 17 (d), and a number of past events. These events include the statutory basis for the establishment of the scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process.

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

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

	<b>2016</b>	<b>2015</b>
	€	€
Funding Recoverable In Respect of Current Period Pension Costs	484,000	280,000
State Grant Applied to Pay Pensioners	-	-
	<u>484,000</u>	<u>280,000</u>
Scheme Liability	2,713,000	1,448,000
Actuarial Loss / (Gain) on Pension Liabilities	781,000	338,000
Percentage of the Scheme Liabilities	28.79%	23.34%

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounted to €781,000 (2015: €338,000).

**(d) General Description of the Scheme**

The Housing Agency operates unfunded defined benefit superannuation schemes for staff. Superannuation entitlements arising under the schemes are paid out of current income and are charged to the Income and Expenditure Account, net of employee superannuation contributions, in the year in which they become payable.

The results set out below are based on an actuarial valuation of the pension liabilities in respect of serving, retired and deceased staff of the Housing Agency as at 31 December 2016. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard Financial Reporting Standard – Retirement Benefits (FRS 102).

***The principal financial assumptions used were:***

<b>Valuation Method</b>	<b>2016</b>	<b>2015</b>
Discount Rate	1.83%	2.55%
Rate of Increase In Salaries	2.81%	2.65%
Future State Pension Increase	1.81%	1.65%
Future Pension Increases	2.31%	2.15%
Inflation	1.81%	2.15%



## 17 Pension Scheme (continued)

Average Life Expectancy Used To Determine Liabilities	2016	2015
Male Aged 65	21	21
Female Aged 65	24	24

Average Future Life Expectancy According to the Mortality Tables Used to Determine The Pension Liabilities.

## 18 Agency Board Members – Disclosure of Interests Ethics in Public Offices Act 1995 and 2001

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

## 19 Lands Held under Aggregation Scheme

	2016 €	2015 €
Lands held under aggregation system	73	73
Total	73	73

As outlined in accounting policy Note 1, lands transferred under the land aggregation scheme are recognised at a nominal value of €1 per site transferred.

Following the transfer of the land from local authorities, the Housing Agency is required to prepare a report and implement a strategy for the management, utilisation and ultimate development of the land in question, including valuation in the event of proposed land disposal.

The initial focus of the scheme was to transfer the sites from the individual local authorities to the Housing Agency. To date, a small number of development plans have been proposed and approved. The individual sites will be valued once a development plan is implemented and the relevant site is disposed.

**20 Assisting local authorities in purchasing housing**

In 2015, the Housing Agency were asked to be a central point for local authorities for purchasing properties from receivers/lenders as receivers/lenders were not prepared to engage with 20 plus local authorities. The Housing Agency has purchased over 150 homes in bulk from lending institutions on behalf of local authorities nationwide. The properties are not Housing Agency stock. Suitable properties from the portfolios were identified and local authorities approved the purchase of the relevant properties. The local authorities forwarded the funds to the Housing Agency and the relevant funds were then paid for the properties in the relevant portfolios.

	2016	2015
	€	€
Monies held at 1 January to complete purchases	1,698,000	0
Monies received from local authorities	1,109,500	23,859,500
Amounts paid to banks on behalf of local authorities	<u>(2,807,500)</u>	<u>(22,161,500)</u>
Monies held at 31 December to complete purchases	<u>0</u>	<u>1,698,000</u>
<b>Local Authority Property Acquisitions Costs</b>		<b>€</b>
Amount due from Department of Housing, Planning and Local Government at 1 January 2016		469,975
Additional costs incurred by the Housing Agency		53,271
Amount received from Department of Housing, Planning and Local Government in relation to conveyancing costs, stamp duty, local property tax, etc.		(523,246)
Amount due from Department of Housing, Planning and Local Government at 31 December 2016		<u>0</u>

**21 Action Plan for Housing and Homelessness**

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

**(i) Revolving Fund €70m**

Funding for the purchase is provided by a revolving grant of up to €70 million from the Department of Housing, Planning and Local Government. The grant is treated as long term funding and is accounted for in the Property Acquisition Reserve in the Statement of Financial Position.

The scheme's transactions in 2016 were as follows :

- The Department of Housing, Planning, Community and Local Government provided funding of 6.741 million.
- The Agency recognised a debtor in the amount of €3.221 million in respect of funding received from the Department in January 2017.
- Deposits with a total value of €2.33 million were placed on houses in 2016. The Agency intends closing these purchases in 2017, subject to contract, at a cost of a further €25.07 million. The deposits are included in prepayments in the Statement of Financial Position.
- The Agency purchased houses at a total cost of €7.613 million, which it intends selling, at cost, to housing bodies and local authorities over a short time horizon. The houses are treated as stock and have been accounted for as follows:

## 21 Action Plan for Housing and Homelessness (continued)

	2016 €000	2016 €000
Sales		0
Opening Stock	0	
Purchases	7,613	
Closing Stock*	<u>(7,613)</u>	
Cost of Sales		<u>0</u>
Gross Profit		<u><u>0</u></u>

\*Stock of €7.613 million is included in the Statement of Financial Position.

### (ii) Direct Acquisitions

The Housing Agency was also tasked with the acquisition of vacant housing for social housing use under the Action Plan for Housing and Homelessness on behalf of Local Authorities.. The Agency's role in this regard is to engage with banks, investors and other potential owners of multiple property portfolios to acquire properties on a national basis.

Funding received from local authorities	882,000
Monies paid to banks on behalf of local authorities	<u>0</u>
Monies held at 31 December 2016 to complete purchases	<u>***882,000</u>

\*\*\*Included in Accruals

## 22 Commitments

On behalf of the Department of Housing, Planning and Local Government, the Housing Agency undertakes the remediation of pyritic affected homes. At 31 December 2016, the Pyrite Resolution Board had received 1,494 claims under the Pyrite Resolution scheme. As part of this scheme, works contracts are entered into with engineering and building consultants and with civil engineering and building contractors. In addition, homeowners whose dwellings have been accepted into this scheme are entitled to recoup certain expenditure that they incur prior to acceptance into the scheme and during remediation works.

No provision has been made in the accounts in respect of the potential liability under the scheme as it is the Board's policy to recognise the costs of claims as they are approved. The Pyrite Resolution Board estimates that the total costs of the remediation scheme will amount to €128 million which is based on projected costs for the next 5 years based on current average cost per house.

At the 31 December 2016, the Housing Agency had the following contractual commitments and obligations in relation to the Pyrite Remediation Scheme (PRS).

<b>Construction Consultants</b>	<b>2016 €</b>
Total Value of Construction Consultants Contracts at 31 December 2016	3,662,691
Total Value of Payments on Account to 31 December 2016	(950,771)
Outstanding Contractual Commitments to Consultants at 31 December 2016	<u>2,711,920</u>

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

**22 Commitments (continued)**

<b>Works Contractors</b>	<b>2016</b>
	<b>€</b>
Total Value of Works Contractors Contracts at 31 December 2016	69,762,272
Total Value of Payments on Account to 31 December 2016	(23,677,415)
Outstanding Contractual Commitments to Contractors at 31 December 2016	46,084,857

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

**23 National Building Agency**

In 2015, the Agency, on direction from DPER, provided €121,888 to the National Building Agency to ensure that the NBA’s bank funds were maintained at €1.5 million, such funds being ring fenced for future pay over to the Exchequer.

**24 Accounting periods**

The current accounts are for a 12 month period ending 31 December 2016. The comparative figures are for a 12 month period ending 31 December 2015.

**25 Approval of Financial Statements**

The board of directors approved these financial statements for issue on 17<sup>th</sup> October 2017





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