

# ANNUAL REPORT 2017

Housing and Sustainable  
Communities Agency  
operating as 'Housing Agency'



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

@HousingAgencyIE



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## **CHAPTER 01**

# **Who we are and what we do**

**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.**

### **Establishment**

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 was led by our Chair,

Dr. Conor Skehan during 2017. In April 2018, Michael Carey was appointed as Chair replacing Conor Skehan. The Board is responsible for shaping our priorities, providing strategic leadership and overseeing the implementation of our functions. The Board has established an Audit and Risk Committee to oversee the key areas of financial and risk management.

The day-to-day work and provision of services are carried out by the Executive and staff of the Agency. Our Executive carries out, manages and controls generally, the administration and business of the Agency, all subject to the supervision of the Board. It is led by our Chief Executive 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. On the 31st December 2017, the Chairperson, with seven 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
Mary Hurley	Department of Housing, Planning and Local Government
Michael Walsh	Waterford City and County Council
Lorraine Lynch	Cork County Council
John O'Connor	Chief Executive Officer

## Audit and Risk Committee

The Housing Agency Audit and Risk Committee membership in 2017 was as follows:

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

## Our Staff

The Housing Agency had 64 staff at the end of 2017. The Senior Management Team was as follows:

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

# Housing Agency Key achievements in 2017



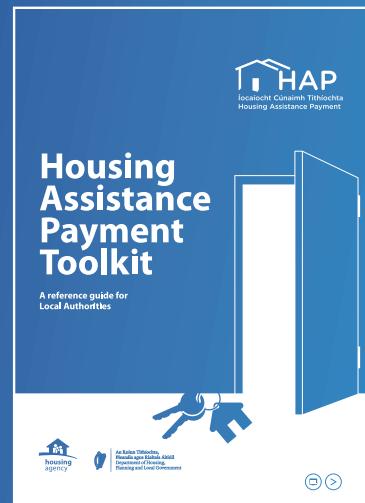
243 financial assessments undertaken to provide  
**4,102 homes**

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**426 homes**  
sourced through NAMA in 2017



Completion and handover of **29 homes in Knocknaheeny, Cork**



Development of **HAP Toolkit** for local authorities



**365 vacant properties**  
bought for social housing

---

**1,289 House Purchase Loan applications underwritten**



Drafting User Guide for PW-CF2 Public Works Contract for Building Works





Review and expansion of

## Mortgage to Rent Scheme

Development of Strategic Development Plan for Agency lands, with 17 sites progressed towards development for housing

Management of tenders & appointment of consultants for local authorities and AHBs for over 20 housing projects throughout the country

### Almost 252 AHBs

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



**Pyrite Resolution:**  
**392 homes**

remediated in 2017, bringing overall total to 945

### Key research completed in 2017



# Housing Agency Board 2017



**Conor Skehan**  
Chairperson



**Tony O'Brien**  
Management Consultant



**Donal McManus**  
Irish Council for Social Housing



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



**Mary Hurley**  
Department of Housing, Planning  
and Local Government



**Michael Walsh**  
Waterford City and County Council



**Lorraine Lynch**  
Cork County Council



**John O'Connor**  
Chief Executive Officer

## CHAPTER 02

# Chairperson's and Chief Executive's statement

The past twelve months was an effective period for the Housing Agency. Activity increased across all areas of work including; housing delivery, research and supporting local authorities and approved housing bodies in relation to their housing. We continued to support the Department of Housing, Planning and Local Government on the development and implementation of their housing policy.

We work and collaborated with many organisations to achieve our aims for the year and support the implementation of the Rebuilding Ireland Plan. These included; the Housing Finance Agency, the Residential Tenancies Board, NAMA, the NDFA, banks, and many other public and private sector organisations. The busy year was reflected in the significant increase in our expenditure. We went from €33 million expenditure in 2016, to €114 million in 2017.

In terms of our outcomes in 2017, one area to highlight is the use of the €76 million revolving fund, provided to us in the Government's budget for the year, purchasing vacant houses and apartments from banks and other institutions to support meeting the nation's housing need. We sold on the houses and

apartments to approved housing bodies and ensured that the properties were brought into use as quickly as possible. In addition, we acquired properties directly on behalf of local authorities throughout the country. Specifically, under this programme we've purchased 536 houses and apartments. We similarly identified other properties that can be used. An example of this is where we arranged for the purchase of properties that are now being used as family hubs for the homeless and for the housing first initiative for homeless people.

This year has seen us continue our good work in Pyrite Remediation. In 2017, we remediated a further 388 homes, bringing the total number of remediated, to date, to 932 properties.

## "We need to continue our focus and work on many areas; housing delivery generally and on making sure we utilise the housing stock that we currently have in the country."

We continue to work in assisting people with disabilities and the provision of housing for these people with a physical, intellectual, mental health or sensory disability. One specific piece of work was the preparation and publication with the HSE of a design guide for people with mental health disabilities.

We continue to work in relation to addressing Mortgage Arrears difficulties that many households find themselves in. We're working with banks, other lenders - under the Mortgage to Rent Scheme – and working with Local Authorities in relation to their loans that are in difficulty. The goal is to try to keep people in their homes. At the end of 2017, a total of 308 households had availed of the scheme.

One very important area for the Housing Agency is our work with the approved housing bodies and supporting them in their delivery of social housing. The Housing Agency carries out assessments for the funding of those organisations. During 2017 we undertook assessments of projects for the delivery of over 4,000 new homes.

We are also the interim regulator for the approved housing body sector. The regulator has been working with the sector to improve their governance and performance in order to support their long-term delivery and management of social housing. 252 AHBs signed up to Regulation. Covering 95% of the estimated housing stock in the sector.

The Housing Agency completed a large amount of research and analysis work in 2017 on a wide range of areas. This is so we have the appropriate data and evidence that can inform policy development, implementation and decision making. A critical report released during this year was our annual *National Statement of Housing Supply & Demand and Outlook of 2017 – 2018*.

Project management and delivery was a key role for the Housing Agency in 2017. This was to support Local Authorities and Housing Bodies across the country. One specific completed project was in Knocknaheeny in Cork. The Housing Agency completed design and project management works for 29 new homes for Cork City Council. The project was part of the Cork North West Quarter Regeneration programme.





Michael Carey,  
Chairperson



John O'Connor,  
Chief Executive

The level of construction activity has increased significantly during 2017. This is welcomed by the Housing Agency. We need to continue our focus and work on many areas; housing delivery generally and on making sure we utilise the housing stock that we currently have in the country. The Housing Agency has been and will continue to focus on the affordability of housing, whether that's to rent or to buy. We need to ensure that the importance of the rental sector is fully understood and we help provide secure good quality rental accommodation for those who need it.

A crucial achievement by the Department of Housing, Planning and Local Government and Local Authorities, supported by the Housing Agency, has been the implementation of the Housing Assistance Payment (HAP). By the end of 2017 more than 32,000 were receiving HAP. The intention being HAP replaces the majority of households who receive Rent Supplement. This has been a successful implementation. Local Authorities should be complimented on how effective they have been.

During 2017, we also saw the start of the National Development Plan 2040 being developed. The Housing Agency have been contributing to that on an on-going basis. It's critical we have a good long-term plan in place, catering for all our needs, for the future development of our country. It was important that we got the housing element of that right and that we deliver the right type of housing, properly integrated with the rest of current stock and developments.

Looking ahead to 2018 the key things we need to address and continue to look at are:

- Providing the right type of housing in the right places.
- A continued focus on Affordability both to rent and buy.
- Resolving legacy issues, including Mortgage Arrears.
- Assisting in reducing homelessness.

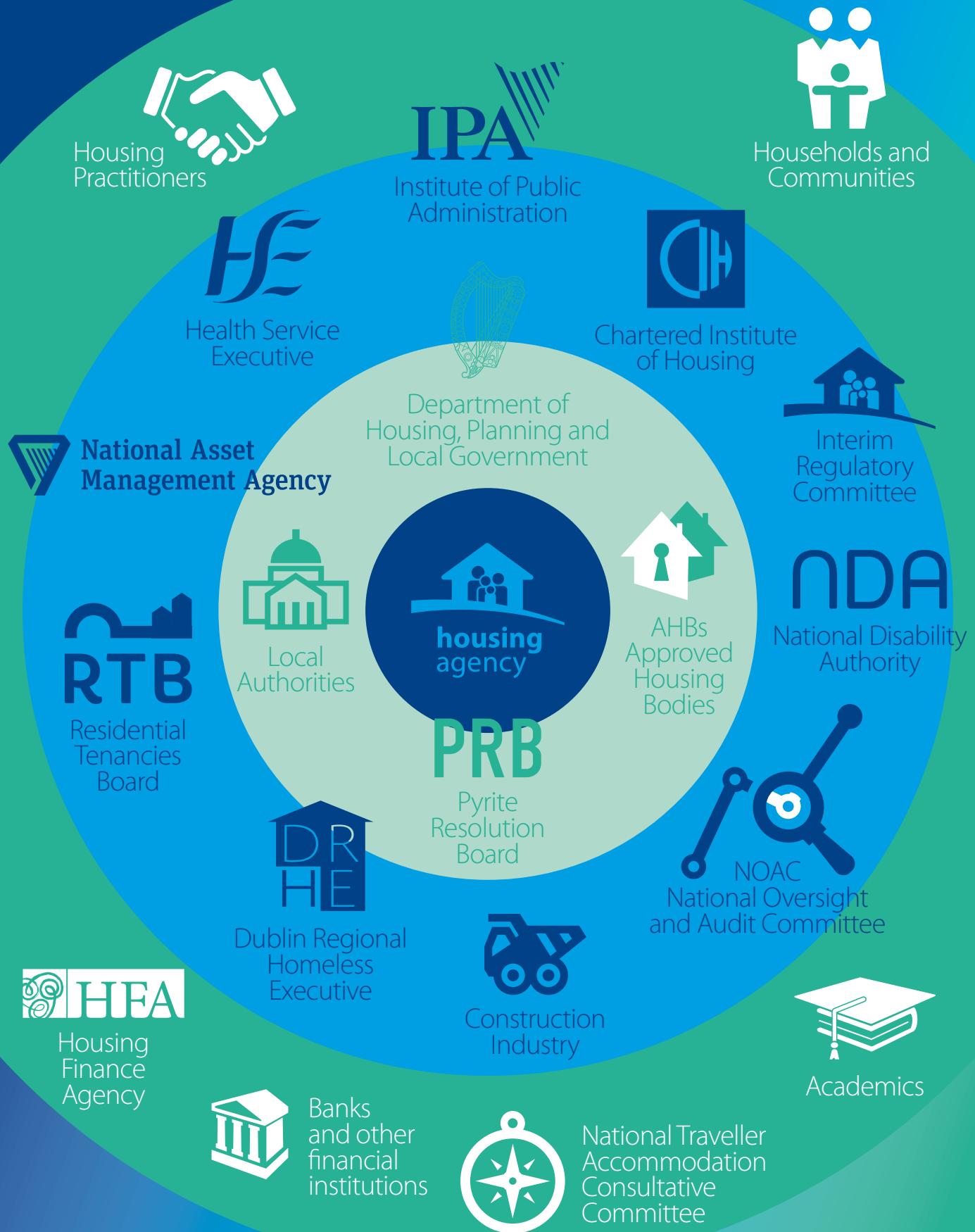
Finally, we would like to sincerely thank all the Housing Agency Staff, our Board Members and Management Staff for their dedication and hard work throughout 2017. We also wish to thank the Minister for Housing, Planning and Local Government, Eoghan Murphy TD, plus the Minister of State at the Department of Housing, Planning and Local Government with special responsibility for Housing and Urban Development, Damien English TD, for their continued cooperation and support of the Housing Agency.

A special mention also to all our other stakeholders, Government, the Department of Housing, Planning and Local Government, Local Authorities, AHBs, those working in the private sector who we engage with and the General Public who have supported us during 2017.

**Michael Carey**  
Chairperson

**John O'Connor**  
Chief Executive

# Key Stakeholder Map



Keith Lowe (DNG), Professor Michelle Norris (UCD) and John O'Connor (Housing Agency) pictured at the Agency's Spring Lecture 2017 held at Dublin Castle on 14th March, 2017. The lecture honed in on the topic *Owning or Renting, What is the future for housing?* where Professor Norris drew from her new book *Property, Family and the Irish Welfare State*.



## CHAPTER 03

# Performance report

## OBJECTIVE

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

### Approved Housing Body (AHB) Services Unit

During 2017 the Housing Agency established an AHB Services Unit in accordance with Action 2.14 of Rebuilding Ireland. This Unit currently has four staff and is in the process of developing the services envisaged under the action plan.

The AHB Services Unit is available to provide assistance to the Department of Housing, Planning and Local Government (DHPLG), AHBs and Local Authorities to support housing delivery. The main funding arrangement for delivery of social housing by Approved Housing Bodies (AHBs) is by way of Payment and Availability Agreements (P&A) coupled with a secondary loan called Capital Advanced Leasing Facility (CALF). This funding is for the purchase, construction or refurbishment of housing that will be made available for social housing purposes. The Housing Agency carries out the financial appraisals of applications for funding by AHBs and provides the Department with recommendations on the level of CALF and P&A required for each proposal.

They will also prepare contract documentation for Local Authorities for larger P&A/CALF projects.

**Progress:** In 2017, the AHB Services Unit was established. Appraisal reports were completed for 243\* P&A/CALF applications during 2017. The total number of potential homes in these assessments totalled 4,102 with a total value of €901m. The comparable figures for 2016 were 176 appraisals including 2,632 homes with a total value of €527m.

A review of the P&A/CALF funding model has commenced and will be completed in 2018. A review of the existing protocol for AHB engagement with the Dublin Local Authorities is also planned for early 2018. The aim of the review is to further improve coordination between the relevant bodies and, following on from this, further roll-out of this protocol will be considered.

**Other areas that the unit will be involved in are:**

- Development of measures to respond to the change in the classification of AHBs for government accounting purposes by the CSO.



Housing Agency

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



- The potential use of housing development sites by AHBs in a more coordinated manner.
- The potential for utilising existing capital funded properties by the AHB sector to leverage funding for new developments.
- Supporting the development of innovative financial models by the sector.

## Housing Assistance Payment (HAP)

HAP was introduced in late 2014 on a pilot basis and has been rolled out nationally in stages through 2015, 2016 before becoming a national scheme in 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 further developed the HAP toolkit for local authorities, continued the co-ordination of the HAP Practitioners' Committee and Practitioners' Forum, provided training to local authority staff and developed the HAP website. The Housing Agency continues to assist Local Authorities and the DHPLG with a variety of operational issues relating to HAP.



## Housing acquisitions

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

**Progress:** In 2017, the Agency completed the purchase of 365 dwellings using the €70m revolving fund (17 dwellings were purchased under the initiative in 2016). The purchase of a further 63 dwellings using the fund was in progress at the end of 2017. Once a property is purchased using the fund it is passed over to an AHB under a caretaker lease in advance of being sold to the AHB. The caretaker lease allows the AHB to carry out repairs and tenant the property while the sale is progressing. At the end of 2017, AHBs had completed repairs on 36 homes purchased through the Agency with contracts signed for the purchase of a further 57. In addition to acquisitions using the fund, the Agency completed the purchase of 79 dwellings directly for local authorities in 2017. The purchase of a further 31 dwellings for local authorities was in progress at the end of 2017.

## 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:** 426 homes were sourced through NAMA in 2017 bringing the overall total achieved to 2,335 to the end of December 2017.



## 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 2017, a total of 1,289 House Purchase Loans were received for underwriting. Of these, 295 or 23% were recommended for approval.

## 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:** The Agency chairs the Housing Subgroup who continued to meet in 2017. All Local Authorities now have Housing and Disability Steering Groups in their area and the groups have completed their Strategic Plans that will be made available on their websites in 2018. The revised National Guidelines for the Assessment and Allocation Process for Housing Provision for People with a Disability were issued by circular to local authorities on the 17th of October 2017. The Agency produced an easy read guide to completing the Social Housing Application Form along with an easy read and plain English guide to Housing Options available through local authorities.



## Land development and 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 prepared a Strategic Development and Management Plan in 2017 which sets out plans for the development of its lands. Developments are currently being progressed on 17 Agency lands and the Plan envisages expanding this to 36 sites in the near term. The Agency is partnering with local authorities and AHBs in developing its lands using a number of different delivery mechanisms including conventional local authority construction, rapid build, AHB construction and Public Private Partnerships. Larger sites that require mixed tenure development will also deliver dwellings for the private purchase and rental market.

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, with the establishment of a procurement unit in August 2016. This team provide specialist procurement consultancy advice to local authorities and approved housing bodies.

**Progress:** Procurement and project support was provided to a number of local authorities during 2017. The assistance offered covered all stages of project development from a feasibility study, through design, tender, construction, and handover, including:

- Management of tenders and appointment of consultant design teams for Tier 1, Tier 2 and Tier 3 Approved Housing Bodies for over 20 housing projects in Clare, Cork, Dublin, Galway, Limerick and Waterford;
- Drafting of a User Guide for PW-CF2 Public Works Contract for Building Works Designed by the Contractor for the provision of "Design and Build" Housing Projects for the Department of Housing;
- Provision of continued assistance to Cork City Council with an on-going Competitive Dialogue procurement process;
- Completion and handover of 29 homes at Knocknaheeny Phase 1B, Cork in December 2017;
- Contract administration for a number of works contracts in Kerry;
- Preparation of tender documents for three proposed developments in Cork and Monaghan, for a total of 135 proposed homes;
- Preparation of capital appraisal for proposed development of 30 homes, in Cork; and
- The provision of budget estimates and detailed costs plans for a number of new projects in Cork City Council.



Knocknaheeny  
Phase 1B, Cork



## Regulation of Approved Housing Bodies

The Regulation Office remains focused on its primary goal of working to protect AHB assets and safeguard the interests of the sector's current and future tenants. Now in its fourth year, regulation is firmly embedded within the sector. Those organisations which have committed to the Voluntary Regulatory Code are ready for the transition to a statutory regulatory framework. 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 252 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. The Regulation Office conducts a Regulatory Assessment of each AHB signed up to the Code, based on the completed Annual Regulatory Return, Financial Statements and other information provided by the AHB or available in the public domain. Annual Regulatory Assessment Reports were issued to 232 AHBs over the course of the year. The assessment process demonstrated high levels of compliance across the sector with 83% of AHBs considered to be satisfactory.

The Regulatory framework continues to advance with the roll-out of the Financial Standard to all Tier 3 AHBs and developing Tier 2 AHBs and the introduction of a Governance Standard in 2017. The publication of the Housing (Regulation of Approved Housing Bodies) Bill will be a major milestone for the AHB Sector in 2018. The Regulation Office is preparing for the transition from the Voluntary Regulatory Code to statutory regulation. The voluntary regulatory arrangements will remain in place and continue to progress until such time as the legislation is enacted and the statutory system of regulation is put in place.



Angela Black (Citizens Information Board) Karl Deeter (advisors.ie) and Claire Feeney (Housing Agency) pictured before speaking at the Agency's Summer Lecture 2017 held at Dublin Castle on May 9th, 2017. The lecture focused on *Engaging with Mortgage Arrears*.

## OBJECTIVE

# Provide 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 308 households have availed of the Mortgage to Rent scheme up to the end of 2017. Three new Approved Housing Bodies joined the scheme in 2017. The Housing Agency initiated an Expression of Interest process for the expansion of the MTR Scheme using a Long-Term Lease Arrangement in October. The closing date for submissions is the 31st of January 2018.

### 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 2017, the Agency's work included:

- Production of a MARP Toolkit,
- Organisation of and participation in two workshops for local authorities on MARP and related issues,
- Localised on request training for Local Authorities,
- Provision of advice to Local Authorities on all issues relating to MARP and other options for borrowers,

- Provision of advice and information (in conjunction with the DHPLG) to three *Regional Loan Networks*, the South East and Midland and a Western Network established in 2017,
- Provision of advice to Local Authorities on insolvency-related issues.

### Pyrite Resolution

The Housing Agency implements the Pyrite Remediation Scheme on behalf of the Pyrite Resolution Board. The Housing Agency currently has a programme of works extending into 2019. This is based on the volume of applications approved and the timing of those applications. The funding allocation for 2017 was €25m.

**Progress:** Up to the end of 2017, 1,961 applications had been received under the pyrite remediation scheme, of which 1,523 have been approved for inclusion in the scheme. Remediation has been completed in 945 homes including more than 392 homes during 2017.



## 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 Housing Agency had an active research programme in 2017. The following reports were published during the year, and these are available on the Agency's website:

##### *The National Statement of Housing Supply and Demand 2016 and Outlook for 2017 -2018*

The Housing Agency launched the second edition of the *National Statement of Housing Supply & Demand* in February, in Dublin Castle. This brought together up to date information on housing trends for 2015 and 2016 and examined future demand. The Housing Supply Requirements in Ireland's Urban Settlements 2016-2020 was also launched. The Statement reports that while housing completions continue to rise, the rate of increase is still below supply requirements, particularly in urban areas, where affordability is also most problematic.

##### *Independent review of funding for Traveller-specific accommodation and implementation of Traveller Accommodation programmes*

The core objective of the review was to provide comprehensive answers to key questions regarding the scale of delivery across the country and the extent to which the homes provided met the identified needs of Travellers.

##### *Owners' Management Companies*

Apartment living has increased significantly in recent years across all housing tenures and there are now over 170,000 households living in flats or apartments. The Agency, with Clúid Housing Association, commissioned two separate but inter-related research reports on Owners' Management Companies in 2016, work was on-going in 2017.

### ***Submission on the National Planning Framework***

In April and November, the Agency made submissions to the National Planning Framework. The first submission focused on issues relating to housing, planning and the creation of sustainable communities. It set out the Agency's vision of housing for 2040 which is to manage the provision of housing to meet the needs of a diverse population, in a way that makes our urban areas, town and villages good places to live both now, and in the future, and that protects and enhances our rural and historical heritage. The second submission set out suggestions on the draft National Planning Framework from a housing and housing related perspective.

### ***Rent Pressure Zones***

Pursuant to Section 24A of the Residential Tenancies Act 2004 as inserted by Section 36 of the Planning & Development (Housing) and Residential Tenancies Act 2016, the Agency consulted with relevant housing authorities and proposed that the following Electoral Areas be Prescribed as Rent Pressure Zones.

<b>County</b>	<b>Electoral Area</b>
<b>Cork County Council</b>	Ballincollig – Carrigaline, Cobh
<b>Galway City Council</b>	Galway City Central, City East and City West
<b>Kildare County Council</b>	Celbridge – Leixlip; Maynooth; Naas; Newbridge – Kildare
<b>Louth County Council</b>	Drogheda
<b>Meath County Council</b>	Ashbourne, Laytown – Bettystown, Ratoath
<b>Wicklow County Council</b>	Bray, Greystones and Wicklow

These were designated in addition to the areas designated under the legislation which included Dublin and the administrative area of Cork City.

### ***Review of Construction Costs***

At the request of the DHPLG, the Agency undertook a comparative review of construction costs in Ireland and selected European countries. This work complemented a larger study undertaken by the DHPLG as an action under Rebuilding Ireland.

### ***Review of the Scheme of Loans and grants for the Purchase of Caravans for Travellers***

At the request of the DHPLG, the Agency undertook a comprehensive review of the Traveller Loan and Grant scheme and submitted a final report to the DHPLG in August 2017 with conclusions and recommendations.

### ***Experiences of Travellers in the Private Rented Sector***

In June 2017, a research report on Travellers experiences living in the private rented sector was completed. This research aimed to provide greater understanding as to the reasons Travellers are moving into private rented accommodation and explore their experiences of the sector. This research was managed by the Agency on behalf of the Residential Tenancies Board, the National Traveller Accommodation Consultative Committee and the National Traveller Roma Inclusion Steering Group.

### ***Summary Assessment of Housing Need 2017***

The Summary of Social Housing Assessments brings together information provided by local authorities on households in their functional areas that are qualified for social housing support yet that social housing need is not being met. The assessment was carried out by local authorities across the country on 28th June 2017 and the data was subsequently analysed by the Agency and the results submitted to the Minister.

### ***Apartment Standards***

The Agency has an on-going interest in apartment construction and standards and is well advanced in producing guidelines to help inform better apartment design.



Attendees at the Agency's Autumn Lecture 2017 held at Dublin Castle on November 28th, 2017. The lecture explored the topic *Homelessness: What Should the Future Priorities be?*

### Vacant Homes Strategy

The Agency assisted in the drafting of the Vacant Homes Strategy, a priority action under Rebuilding Ireland: Action Plan for Housing and Homelessness.

### Other Research Projects Commenced

Work commenced on a number of projects during 2017 which will be completed in 2018, and included:

#### ■ *Research Report on Housing Experiences, Attitudes and Aspirations*

This will be a national representative survey of householders to record current housing experiences and attitudes in Ireland and future aspirations.

#### ■ *Research Partnership with Dublin City Council*

The Agency provided support to Dublin City Council in commissioning and management of two research projects. The first was an evaluation of Phase 1 of a Pilot Dublin Age Friendly 'Housing and Support' Model and the second was a Management Review of the scope and performance of the Dublin City Council Housing Welfare Section.

#### ■ *Design Guide: Housing for Older People*

Following on from a research report on Housing for Older People: Thinking Ahead published by the Agency in collaboration with ISAX in late 2016, work has begun on producing a Design Guide for Housing for Older People.



### 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:** In 2017, these ongoing supports related to the following policy areas; assessments, including the summary of social housing assessment process, allocations, including Choice Based lettings, rents, Housing Assistance Payment (HAP), Rental Accommodation Scheme (RAS) and Leasing and Part V of the Planning and Development Acts.

#### *Assessments and Summary of Social Housing Assessments*

Over 2017, the Agency provided ongoing advice on assessment regulations to Local Authorities and the DHPLG. As part of the Summary of Social Housing Assessments project, the Agency worked with the DHPLG to prepare a guidance manual for local authorities and hold information seminars for housing practitioners. The Housing Agency collated and assessed the data and produced the final report.

#### *Allocations and Choice Based Lettings*

Over 2017, the Agency provided ongoing advice on allocation regulations and choice based lettings to Local Authorities and the DHPLG.



### Differential Rents Policy

The Agency carried out analysis on 31 datasets and provided policy advice to the DHPLG in relation to a potential revision of the differential rents framework.

### Part V of the Planning and Development Acts

In 2017, the Agency continued to support the DHPLG and local authorities regarding Part V of the Planning and Development Acts. In particular, on-site training was provided to Carlow, Laois and Wexford County Councils.

### Rental Accommodation Scheme (RAS)

The Agency worked with the Department to update the Legal Agreements that govern RAS tenancies. This update incorporated updates to policy and amendments to the Residential Tenancies legislation including Rent Pressure Zones and Rent Reviews. The new Legal Agreements and accompanying guidance will be circulated to Local Authorities in early 2018.

### Housing Manual

The Housing Manual continues to act as an important resource for local authority practitioners. At present, of the c.1,500 registered users, 1,100 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.

### Housing Practitioner Training Services

The Agency supports local authorities and approved housing bodies through training of relevant areas as and when they arise.

### Progress

#### Local Authority Training Sessions

The Housing Agency facilitated training sessions in relation to Compulsory Purchase Orders for Housing and Derelict Sites. As mentioned previously, training was also provided to local authorities in respect of the Housing Assistance Payment (HAP), Local Authority Mortgage to Rent and of Part V of the Planning and Development Acts.

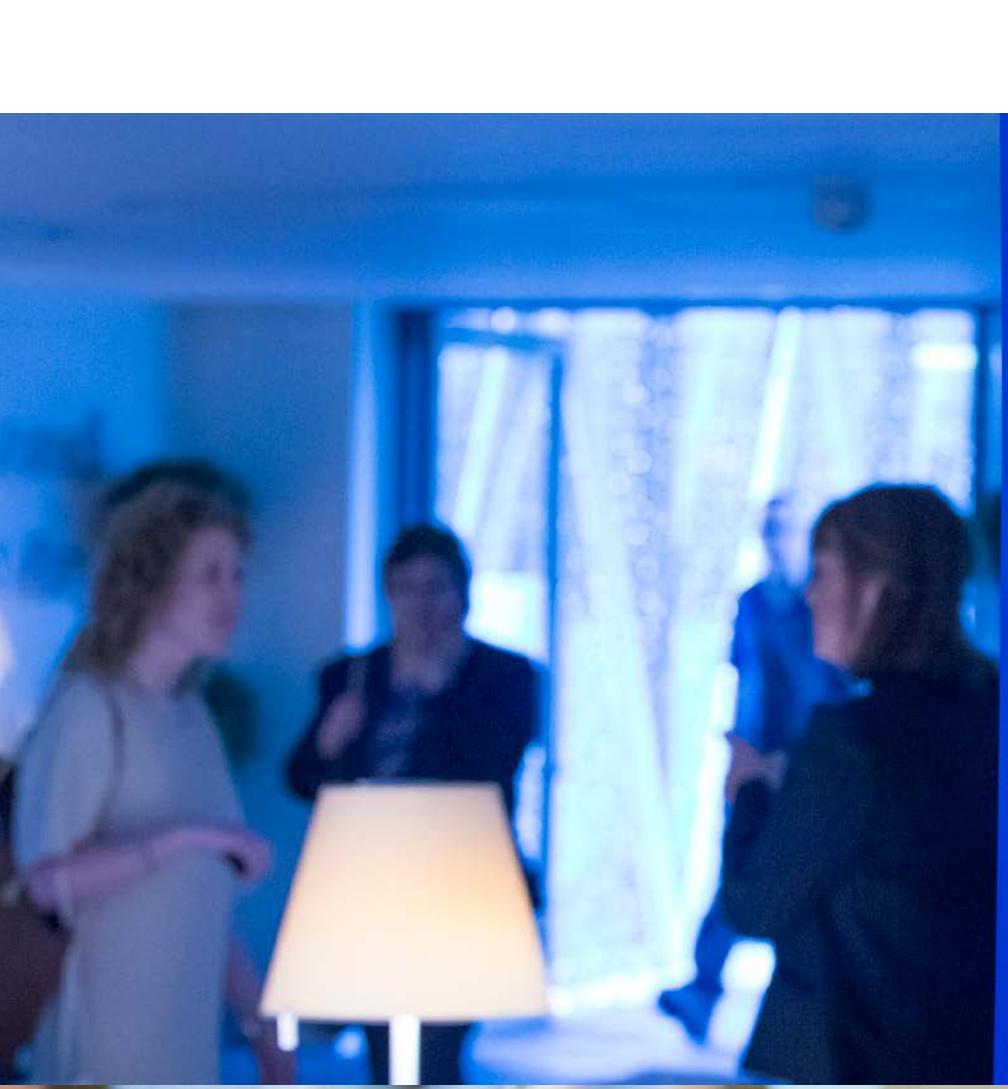
#### National Housing Practitioner Training Portal

In 2017, the Agency launched a website [www.housingtraining.ie](http://www.housingtraining.ie) as a central point for housing practitioners to access information on housing training and events. This Portal will help the estimated 7,000 people working in housing and planning in Local Authorities and Approved Housing Bodies (AHBs). The portal aims to support all these practitioners working in the sector by pursuing their professional development via education, training and learning supports.

The Housing Agency has worked with a number of organisations that provide housing related courses, seminars and events. These include the Institute of Public Administration (IPA), the Chartered Institute of Housing (CIH), the Irish Council for Social Housing (ICSH) and the Residential Tenancies Board (RTB).

**“As part of the Summary of Social Housing Assessments project, the Agency worked with the DHPLG to prepare a guidance manual for local authorities and hold information seminars for housing practitioners.”**

David Silke (Housing Agency), Associate Professor Ursula Barry (UCD), Isoilde Dillon (Housing Agency) and Dr Nessa Winston (UCD) pictured at the Agency's Spring Lecture 2017 held at Dublin Castle on 14th March, 2017.



housing  
agency

gníomhaire  
tithíochta

Another successful Housing Practitioners' Conference (organised in conjunction with the IPA) was held in Cork City on May 25th/26th, 2017.



## Engagement with Housing Sector

The Agency engages with its stakeholders in a number of ways. This includes both day to day engagement through its overall work. The Agency is represented on a variety of housing related forums and steering committees by the Agency Representatives. These include the Housing Practitioners Forum, Housing Analytics Group and the National Planning Framework and more. Further to this, the Agency is also represented at speaking events such as conferences and seminars throughout the sector. The Agency also hosts key events to bring together the relevant parties to ensure there is active engagement on a more formal basis.

**Progress:** The following outlines the events the Agency held in 2017.

### Housing Practitioners' Conference 2017

The 2017 Housing Practitioners' Conference was held on 25th and 26th May 2017. The theme of the conference was Delivery Now, Managing Sustainability. Jointly organised with the Institute of Public Administration, it included presentations on Rebuilding Ireland from the perspectives of the Department, Local Authorities, and AHBs, financial sustainability of the social housing investment and social housing reform.

### Housing Agency Annual Conference

Held on the 28th June 2017, in Croke Park, Minister Eoghan Murphy TD, Minister for Housing, Planning and Local Government spoke at this conference. This conference was aimed at the wider housing sector, with a forward-looking theme. It examined the challenges in delivering affordable and sustainable communities for all.

### Housing Agency Lecture Series

A series of evening symposiums were held during the spring and autumn period in Dublin Castle.

Date	Event topic
February 2017	Housing Supply and Demand
March 2017	Owning or Renting – what is the future for Housing
May 2017	Engaging with Mortgage Arrears
September 2017	Shared Places, Adaptable Neighbourhoods
November 2017	Homelessness: What should the future Priorities be?

### Sustainable Communities & Urban Housing

The Agency, in collaboration with UCD School of Social Policy, Social Work and Social Justice held a book launch and seminar on the 2nd June 2017, "Sustainable Communities & Urban Housing: A Comparative European Perspective".

### 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 2017.

**Progress:** The CIH produced a new guide on Choice Based Lettings (CBL) in association with the Agency in November 2017. The guide provides a brief overview of good practice in CBL, illustrated with examples from Ireland and the UK. It is aimed at practitioners in Ireland, but its universal principles can be applied by practitioners working in other countries.

# Stakeholder engagement



## CHAPTER 04

# Governance Statement and Board Members' report

Good governance is essential for the success of any organisation and is now more important than ever. Members of boards play a vital role in serving their causes and communities and bring passion and commitment as well as skills and experience to the organisations they lead. The Housing Agency is an organisation that strives to operate to best practice, and in this light, adopts the Code of Practice for the Governance of State Bodies 2016. This section contains the Governance Statement and Board Members' report.

### **Governance**

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

key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the Housing Agency.

### **Board responsibilities**

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

- risk;
- reports from committees; and
- financial reports/management accounts.

In 2018, standing items will be expanded to include declaration of interests, performance reports and reserved matters.

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

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

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

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

The Board is responsible for ensuring that the Housing Agency keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Housing Agency, enable at any time the assets, liabilities, financial

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

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

The Board is responsible for approving the annual plan and budget and this was carried out in 2017. In July 2017, the board reviewed its performance, with regular reports presented throughout the year providing review of the annual budget.

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

The Board considers that the financial statements of the Housing Agency give a true and fair view of the financial performance and the financial position of the Housing Agency at 31 December 2017.

## Board structure

The Board consists of a Chairperson, and seven members, all of whom are appointed by the Minister for Housing, Planning and Local Government. The members of the Board meet on a monthly basis. The terms of the Chairperson and all members expired on the 31st December 2017.

**"Tá an Bord freagrach as a chinntíú go gcoinníonn an Gníomhaireacht Tithíochta taifid leordhóthanacha chuntasáiochta a mhíníonn agus a thaifeadann i gceart idirbhearta na Gníomhaireachta Tithíochta."**

# 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

## 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



## Values

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



## What we need to achieve our vision

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

<b>Board member</b>	<b>Organisation</b>	<b>Appointment term</b>
Conor Skehan	Chairperson	Appointed July 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2018
Donal McManus	Irish Council for Social Housing	Appointed January 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2020
Mary Hurley	Department of Housing, Planning and Local Government (DHPLG)	Appointed Oct 2017 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2020
Tony O'Brien	Management Consultant	Appointed July 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2020
John Burke	Department of Public Expenditure and Reform (DPER)	Appointed May 2016 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2020
John O'Connor	Chief Executive Officer, Housing Agency	Appointed January 2013 to 31st Dec 2017 Reappointed 1st January 2018 to 31 Dec 2020
Bairbre NicAongusa	Department of Housing, Planning and Local Government (DHPLG)	Appointed April 2014 to 31st Dec 2017 Resigned June 2017
Michael Walsh	Waterford County Council	Appointed Oct 2017 to 31st Dec 2017
Lorraine Lynch	Cork County Council	Appointed May 2015 to 31st Dec 2017

The Board undertook a self-evaluation assessment in September 2017, and will be commencing an external Board Effectiveness and Evaluation Review in 2018, which will be completed in 2018.

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

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

The members of the Audit and Risk Committee are Tony O'Brien (Chairperson), Donal McManus, Lorraine Lynch, and Caroline Gill. There were five meetings of the ARC in 2017. There are no fees paid to members of the Audit and Risk Committee.

<b>Board member</b>	<b>Board meetings due to attend</b>	<b>Board meetings attended</b>	<b>Audit &amp; Risk Committee</b>	<b>Fees 2017 €</b>	<b>Expenses 2017 €</b>
Conor Skehan	10	10	n/a	Nil	Nil
Donal McManus	10	9	5	Nil	Nil
Bairbre NicAongusa (resigned July 17)*	6	4	n/a	Nil	Nil
Mary Hurley (appointed Oct 17)*	2	2	n/a	Nil	Nil
Tony O'Brien	10	10	5	Nil	Nil
John Burke*	10	9	n/a	Nil	Nil
John O'Connor*	10	10	n/a	Nil	Nil
Michael Walsh (appointed Oct 17)*	2	2	n/a	Nil	Nil
Lorraine Lynch*	10	9	5	Nil	Nil

## Schedule of attendance, fees and expenses in 2017 Housing Agency Board

\* There were six members who did not receive a Board fee under the One Person One Salary (OPOS) Principle, and other Board members were not in receipt of a fee. In respect of Board meetings costs for the period, this amounted to €620.

## Key personnel changes

Three members of the Board resigned during the year at the end of their appointments. In accordance with the Establishment Order, 2012 the Minister appointed three new members. In April 2018, Michael Carey was appointed to the position of Chairperson replacing Conor Skehan.

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

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

### Employee short-term benefits breakdown

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

<b>Salary</b>	<b>No. of staff</b>	
	<b>2017</b>	<b>2016</b>
Under €60,000	35	29
€60,000-70,000	7	8
€70,000-80,000	5	7
€80,000-90,000	4	1
€90,000-100,000	2	1
€100,000-120,000	2	1

<b>Consultancy costs</b>	<b>2017</b> €
Business Improvement	101,025
Legal Advice	39,121
Pension Advice	27,656
Other	155,590
	<b>323,392</b>

As required by the code of practice by state bodies, consultancy costs that have been incurred during the year have been noted above. These costs are included in the statement of income and expenditure but are spread over the activities that they are relevant to.

## Legal costs and settlements

No settlements were paid in the reporting period.

The PRB Legislation provides that the PRB may recover from any party with liability, and the capacity, all or part of the costs associated with remediating a dwelling under the Scheme. The PRB is taking action where considered appropriate to pursue builders and/or developers for a contribution towards the costs of the works. As the Exchequer funding provided for the pyrite remediation purposes is routed through the Housing Agency, Legal fees to the value of €25,373 were paid to the Housing Agency in 2017 in respect of costs incurred by the Pyrite Resolution Board on behalf of three defendants in relation to cases under the agreed strategy for recovering costs from parties liable.

## Hospitality

In the reporting period €1,393 was spent in respect of hospitality including entertaining and €120 on flowers for staff. During the year a gift to the value of €4,000 was given to the retiring chairperson. There was also a total of €6,211, spent on canteen costs during the reporting period.

## Travel and subsistence

Travel and subsistence expenditure of staff is categorised as follows:

	<b>2017</b> €
Domestic Travel	70,198
International Travel	5,061
	<b>75,259</b>

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

## Statement of compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Housing Agency carried out a gap analysis in 2017 to determine its compliance with the Code of Practice for the Governance of State Bodies for 2017, and can confirm that it is compliant.

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

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

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

The Agency came under the provisions of the Freedom of Information Act, 2014 (FOI Act, 2014), on 14 April 2015. We received eleven FOI requests in 2017. Our Publication Scheme came into effect in 2016 and is available on our website. There have been no requests received in 2017 under the Access to Information on the Environment (AIE) regulations.

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

The Agency is a registered data controller and data processor under the Data Protection Acts. The Agency operates in accordance with a formal Data Protection Policy. The General Data Protection Regulation will come into force on the 25th May 2018 replacing the existing data protection framework under the EU Data Protection Directive. The Housing Agency has been preparing for the implementation date through analysis of the structures and processes in place to safeguard personal data.

## **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 2017, 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.

## **Pyrite Resolution Board**

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

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

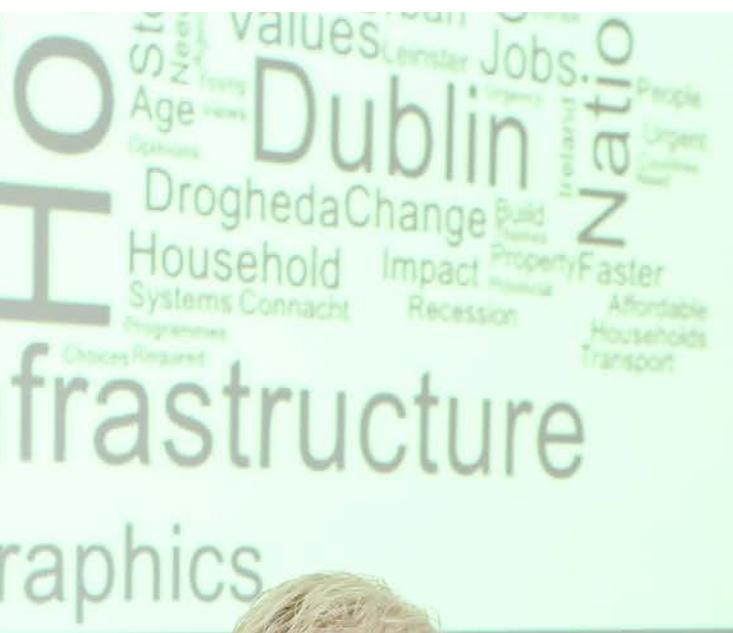
The Housing Agency has responsibility for the implementation of the Pyrite Remediation Scheme.

## **Board membership and fees**

<b>Board member</b>	<b>Fees 2017</b>	<b>Expenses 2017</b>
Jack Keyes	4,489	2,674
Caroline Gill	4,000	Nil
Alex Flood	2,200	Nil
Sean Balfe*	Nil	Nil
Derek Sinnott*	Nil	1,289

*\*There were two members who did not receive a Board fee under the One Person One Salary (OPOS) Principle.*

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



The Housing Agency Annual Conference 2017 held in Croke Park on June 27th, 2017 focused on the topic *Future Proofing Housing: Sustainable and Affordable Homes*. Terry Prone moderated a lively panel discussion. Pictured: Terry Prone, Dr Brian Hughes (DIT), Conor Skehan (former Housing Agency Chair) and Eoghan Murphy T.D., Minister for Housing, Planning and Local Government



## CHAPTER 05

# Financial statements

## Statement on internal control

### Scope of responsibility

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

### Purpose of the system of internal control

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

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Housing Agency for the year ended 31 December 2017 and up to the date of approval of the financial statements.

### Capacity to handle risk

The Housing Agency has an Audit and Risk Committee (ARC) comprising three Board members and one external member, with financial and audit expertise, one of whom is the Chair. The ARC met five times in 2017.

The Housing Agency has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC.

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

### Risk and control framework

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

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

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

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management (and the Board),
- there are systems aimed at ensuring the security of the information and communication technology systems.

## On-going monitoring and review

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

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

Reports conducted by Internal Audit in 2017 identified weaknesses in controls over the housing acquisition and sales process and information technology.

### ■ **Housing acquisition and sales**

The Internal Audit report noted inadequate liaison between the Agency and the AHBs prior to the acquisition of properties on their behalf. In addition, the report noted that valuations were not always conducted by an independent valuer. The report made a number of recommendations of improvement all of which were accepted by the Agency.

### ■ **Information technology**

An internal audit report completed in 2017 raised a number of concerns in relation to user access management and physical security of IT systems as well as environmental controls in the server room. The agency is working to implement all recommendations for improvement included in the IA report.

## Procurement

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

## Review of effectiveness

I confirm that the Housing Agency has procedures to monitor the effectiveness of its risk management and control procedures. The Housing Agency's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within the Housing Agency is responsible for the development and maintenance of the internal control framework. I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2017.

## **Internal control issues**

In respect of Procurement during 2017, expenditure of €1,246m was incurred in relation to goods and services where procedures employed did not comply with procurement guidelines. The services employed related to legal services, insurances and temporary resources.

In respect of the Legal Services, the Agency identified a need to engage conveyancing services in mid-2015. This was required to purchase properties for use as social housing, which would be directly purchased by Local Authorities or the Agency for resale to Approved Housing Bodies. The Agency liaised with the Office of Government Procurement (OGP) in respect of this, and it was confirmed that the OGP were establishing a legal services framework. The Agency confirmed that they would use this once established. However, the framework was not established when the Agency required the services and was not put in place until December 2016. As an interim measure the Agency undertook a restricted tender process. The Agency has since procured legal services from the OGP Framework. However, the costs of the purchases rolled into 2016 and 2017. These amounted to €374,679 and €343,597 across two legal firms.

In respect of insurance costs, this primarily related to insuring properties purchased under the Housing Acquisitions Programme. It was not envisaged that the Agency would hold ownership of properties for a long period of time. However, there were significant delays in respect of reselling these properties to Approved Housing Bodies, accordingly the Agency incurred unexpected costs and this did not allow sufficient time to undertake a procurement process. The overall insurance cost to the Agency in 2017 was €269,189, which included a commissioning fee of €59,898.

The Agency also engaged the services of property expertise in relation to the sourcing of property portfolios under the Acquisitions Programme. The total cost of this in 2017 was €136,735.

The final category of expenditure related to the costs associated with employing resources through a recruitment firm. The Agency initially sought costs and resources from a number of recruitment firms for short-term resources, however, in a number of cases the resourced were retained for a longer period of time. The costs to the recruitment firm amounted to €122,264, of which €21,396 related to the recruitment and administration fee.

In respect of overall improvements to procurement within the Agency, the following steps have been undertaken to resolve these items and ensure greater compliance with procurement guidelines:

- A Corporate Procurement Plan has been drafted including an annual operational procurement plan. The Housing Agency has updated all procurement policies and procedures in line with recent guidance from the Department of Finance. This plan incorporates the need to procure insurance, property expertise and resources in line with the procurement guidance and regulations;
- Following this, staff training was undertaken to improve understanding and awareness of procurement requirements throughout the Housing Agency;
- Standard Templates have been centralised for all steps of procurement processes.

**Michael Carey  
Chairman**

**26th June 2018**

## Comptroller and Auditor General

# Report for presentation to the Houses of the Oireachtas – Housing and Sustainable Communities Agency

### Opinion on financial statements

I have audited the financial statements of the Housing and Sustainable Communities Agency for the year ending 31 December 2017 as required under section 11 of the Housing and Sustainable Communities Agency (Establishment) Order 2012 and section 25 of the Pyrite Resolution Act 2013. The financial statements comprise

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

In my opinion, the financial statements give us a true and fair view of the assets, liabilities and financial position of the Housing and Sustainable Communities Agency at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 -The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Housing and Sustainable Communities Agency and have fulfilled my other ethical responsibilities in accordance with the standards.

I believed that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

### Non-compliance with procurement rules

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



Seamus McCarthy  
Comptroller and Auditor General

29th June 2018

Dr Nessa Winston (UCD), Dr Jesper Ole Jensen (Aalborg University, Denmark), Dr Montserrat Pareja-Eastaway (University of Barcelona, Spain), Professor Glen Bramley (Heriot Watt University, Scotland) and Dr Ivan Tosics (Metropolitan Research Institute, Hungary) at the seminar on *Sustainable Communities & Urban Housing: A comparative European Perspective* held at the Agency on June 2nd, 2017.



# Appendix to the report

## Responsibilities of Board members

The governance statement and Board members' report sets out the Board members' responsibilities. The Board members are responsible for

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

## Responsibilities of the Comptroller and Auditor General

I am required under section 11 of the Housing and Sustainable Communities Agency (Establishment) Order 2012 and section 25 of the Pyrite Resolution Act 2013 to audit the financial statements of the Housing and Sustainable Communities Agency and to report thereon to the Houses of the Oireachtas. My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As Part of an audit in accordance with the ISAs, I exercise professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve conclusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Housing and Sustainable Communities Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Housing and Sustainable Communities Agency to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **Information other than the financial statements**

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

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

## **Reporting on other matters**

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

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

I also report by exception if, in my opinion,

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

# Statement of Income and Expenditure

## For the year ended 31 December 2017

	Notes	2017 €	2016 €
<b>Income</b>			
Housing & Sustainable Communities Grant	5.1	5,200,000	4,069,000
Pyrite Fund	5.1	25,547,798	26,999,642
Pyrite Remediation - Other Income	5.8	678,572	317,400
Staff & services supplied by Homebond	5.9	347,636	348,228
Fee Income	5.2	554,876	671,082
Fingal Recoupment	5.4	233,497	-
Recoupment NBA Pay Costs	5.3	-	290,541
Recoupment of Expenses From State Bodies	5.4	401,991	187,274
Rental Income	5.5	32,139	11,726
Sale of Land Aggregation sites	5.6	25,000	248,000
Other Income	5.7	52,625	90,800
Deposit Interest Receivable		0	58
Net Deferred Funding for Pensions	15(c)	874,000	484,000
<b>Total Income</b>		<b>33,948,134</b>	<b>33,717,751</b>
<b>Transfer from / (to) Capital Reserves</b>	1.15	<b>65,911</b>	<b>38,518</b>
		<b>34,014,045</b>	<b>33,756,269</b>
 <b>Expenditure</b>			
Employment Costs	6	3,670,317	3,088,288
Office Administration Costs	7	765,393	747,105
Legal and Professional Fees	8	891,490	916,549
Pyrite Remediation Scheme	9	25,274,708	26,518,953
Legal and Professional Fees - Property acquisitions	17	325,844	325,043
Fingal Costs	17	278,337	-
Payment to the Exchequer	5.8	678,572	317,400
Homebond staff & services	5.9	347,636	348,228
Depreciation	10	137,965	48,950
Pension Costs	15(a)	728,159	350,818
National Building Agency	20	13,580	-
Bad Debt Provision		-	(9,672)
<b>Total Expenditure</b>		<b>33,112,001</b>	<b>32,651,662</b>
 <b>Surplus for the year</b>		<b>902,044</b>	<b>1,104,607</b>

Notes 1 to 24 form part of these Financial Statements. The financial statements were approved by the board on 26<sup>th</sup> June 2018 and signed on behalf of the Board by:

  
 Michael Carey  
 Chairperson  
 Date: 26<sup>th</sup> June 2018

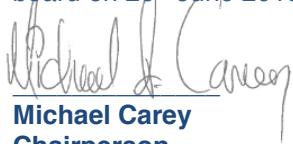
  
 John O' Connor  
 Chief Executive Officer

# Statement of Comprehensive Income

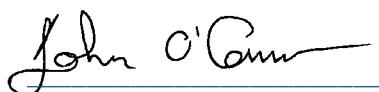
For year ended 31 December 2017

	Notes	2017 €	2016 €
Surplus for the year		902,044	1,104,607
Actuarial Gain / (Loss) on Pension Liabilities	15(b)	(6,280,000)	(781,000)
Deferred Pension Funding	15(c)	6,280,000	781,000
<b>Total Comprehensive Income for the year</b>		<b>902,044</b>	<b>1,104,607</b>
Prior year adjustment	4	-	(257,076)
<b>Revised Total Comprehensive Income</b>		<b>902,044</b>	<b>847,531</b>

Notes 1 to 24 form part of these Financial Statements. The financial statements were approved by the board on 26<sup>th</sup> June 2018 and signed on behalf of the Board by:



Michael Carey  
Chairperson



John O'Connor  
Chief Executive Officer

Date: 26<sup>th</sup> June 2018

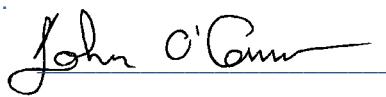
## Statement of Financial Position as at 31 December 2017

	Notes	2017	2016
		€	€
<b>Tangible Fixed assets</b>			
Fixtures, Fittings & Equipment	10	70,357	85,093
Buildings	10	4,860,033	259,498
Development Lands	10	1,441,319	1,441,320
Computer Equipment	10	113,148	64,858
<b>Current assets</b>			
Accrued Income	11	75,437	120,412
Housing Acquisitions – Deposits and Stock of Houses for Resale	18	64,844,915	9,952,025
Receivables	12	580,541	3,547,537
Cash At Bank And In Hand	13	<u>14,837,337</u>	<u>2,369,478</u>
		80,338,230	15,989,452
<b>Current Liabilities</b>			
Payables	14	<u>(4,944,630)</u>	<u>(3,341,032)</u>
Net Current Assets		<u>75,393,600</u>	<u>12,648,420</u>
<b>Total Assets less Current Liabilities</b>		<u>81,878,457</u>	<u>14,499,189</u>
<b>before Pensions</b>			
Deferred Pension Funding	15(c)	9,867,000	2,713,000
Pension Liabilities	15(b)	<u>(9,867,000)</u>	<u>(2,713,000)</u>
<b>Net Assets</b>		<u>81,878,457</u>	<u>14,499,189</u>
<b>Capital and Reserves</b>			
Capital Contribution		1,944,145	1,944,145
Housing Acquisitions Funding	18	71,795,160	9,952,025
Capital Reserve	1.15	5,043,538	409,449
Revenue Reserves		<u>3,095,614</u>	<u>2,193,570</u>
		<u>81,878,457</u>	<u>14,499,189</u>

Notes 1 to 24 form part of these Financial Statements. The financial statements were approved by the board on 26<sup>th</sup> June 2018 and signed on behalf of the Board by:



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Chairperson



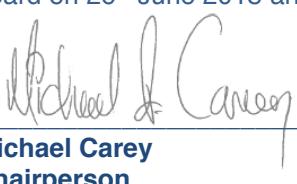
John O' Connor  
Chief Executive Officer

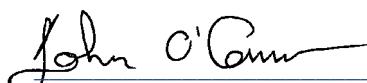
Date: 26<sup>th</sup> June 2018

## Statement of Changes in Equity

<b>Reserves</b>	<b>Capital Contribution Reserve</b>	<b>Retained Earnings</b>	<b>Capital Reserve</b>	<b>Acquisition Reserve</b>	<b>Total</b>
As at 1 <sup>st</sup> January 2017	1,944,145	2,193,570	409,449	9,952,025	14,499,189
<b>Comprehensive income for the year</b>					
Surplus for the year	-	902,044	-	61,843,135	62,745,179
Addition of Property	-	-	4,700,000	-	4,700,000
Transfer (to)/from Revenue	-	-	(65,911)	-	(65,911)
<b>Total Comprehensive income for the year</b>	-	902,044	4,634,089	61,843,135	67,379,268
As at 31 <sup>st</sup> December 2017	1,944,145	3,095,614	5,043,538	71,795,160	81,878,457
<b>Reserves</b>	<b>Capital Contribution Reserve</b>	<b>Retained Earnings</b>	<b>Capital Reserve</b>	<b>Acquisition Reserve</b>	<b>Total</b>
As at 1 <sup>st</sup> 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	-	9,952,025	11,056,632
Transfer (to)/from Revenue	-	-	(38,518)	-	(38,518)
<b>Total Comprehensive income for the year</b>	-	1,104,607	(38,518)	9,952,025	11,018,114
As at 31 <sup>st</sup> December 2016	1,944,145	2,193,570	409,449	9,952,025	14,499,189

Notes 1 to 24 form part of these Financial Statements. The financial statements were approved by the board on 26<sup>th</sup> June 2018 and signed on behalf of the Board by:

  
**Michael Carey**  
Chairperson

  
**John O' Connor**  
Chief Executive Officer

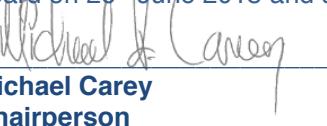
Date: 26<sup>th</sup> June 2018

# Statement of Cash Flows

## For Year Ended 31 December 2017

	Notes	2017 €	2016 €
<b>Reconciliation of Net Movement for the Year to Net Cash Inflow from Operating Activities</b>			
Operating surplus for year		902,044	1,104,607
Depreciation	10	137,965	48,950
Bank Interest Earned		-	(58)
Transfer (from) / to Capital Account	1.15	(65,911)	(38,518)
Grants Received for Housing Revolving Fund	18	66,788,975	9,952,025
Amounts Paid for the Acquisition of Properties	18	(69,104,493)	(9,952,025)
Amount Received from Sales, Rent & Refunds of Properties	18	9,265,763	-
(Increase) / Decrease in Receivables		3,011,972	(2,496,744)
(Decrease) / Increase in Payables		1,603,598	(1,450,883)
Gain on Sale of Land Aggregation Site	5.6	(25,000)	-
<b>Net Cash generated from Operating Activities</b>		<b>12,514,913</b>	<b>(2,832,646)</b>
<b>Cash Flow Statement</b>			
Net Cash Inflow/ (Outflow) From Operating Activities		12,514,913	(2,832,646)
<b>Cash flows from Investing Activities</b>			
Purchase of Tangible Fixed Assets	10	(72,054)	(10,432)
Sale of Land Aggregation Site	5.6	25,000	-
<b>Net Cash from financing activities</b>			
Bank Interest Earned		-	58
<b>Increase / (Decrease) in Cash</b>		<b>12,467,859</b>	<b>(2,843,020)</b>
<b>Reconciliation of Net Cash Flow to Movements in Net Funds</b>			
Net Funds at 01 January 2017	13	2,369,478	5,212,498
Net Funds at 31 December 2017	13	14,837,337	2,369,478
<b>Increase / (Decrease) in Cash</b>		<b>12,467,859</b>	<b>(2,843,020)</b>

Notes 1 to 24 form part of these Financial Statements. The financial statements were approved by the board on 26<sup>th</sup> June 2018 and signed on behalf of the Board by:

  
**Michael Carey**  
 Chairperson

  
**John O' Connor**  
 Chief Executive Officer

Date: 26<sup>th</sup> June 2018

# Notes to the Financial Statements

For the year ended 31 December 2017

## 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 10) and lands held under the Land Aggregation Scheme (Note 10).

### 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 17.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 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 €76 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 any movements are netted against the acquisitions fund reserve. (see Note 18)

## 1.2 Statement of Compliance

The financial statements of the Agency for the year ended 31 December 2017 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 under the historical cost convention, except for certain assets and liabilities that are measured at fair value as explained in the accounting policies below. The statements are in a form approved by the Minister for Public Expenditure and Reform, and by the Minister for Housing, Planning and Local Government.

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

## 1.4 Going Concern

The financial statements are prepared on the going concern basis.

## 1.5 Income Policy

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

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

Other income to other schemes and agencies for professional fees represents gross income less value added tax (VAT) of work performed during the period.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 1.5 Income Policy (continued)

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

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:

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

## 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 10). 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. 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 10).

To date, 71 out of 73 sites have been transferred to the Housing Agency with the final 2 still in progress with solicitors. During the year 1 of the 73 sites was disposed of for housing. The Housing Agency has sought 16 market valuations of the 73 sites held during the year, only 1 of the 16 valuations has been finished during the year (Note 10). The Housing Agency will revalue lands held under the Land Aggregation Scheme once the future use has been finalised and sanctioned by the Minister.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 1.9 Receivables

Short term receivables 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 payables 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.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 1.14 Housing Acquisitions Programme

The revolving grant of €76 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. Expenses that are non-recoverable and rental income received from any of the acquisition properties are netted against the Housing Acquisition Reserve.

## 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.

## 1.17 Inventory

### Housing Acquisitions – Deposits and Stock of Houses for Resale

As part of the €76m revolving housing fund, the Housing Agency acquires houses and transfers the properties to Local Authorities and Approved Housing Bodies at cost.

The amounts held (Note 18) is calculated as the property deposits and purchases with the additions of any capital works less any disposals or refunds during the year.

## 1.18 Capital Contribution Reserve

The capital contribution relates to the transfer of the net assets from the Housing and Sustainable Communities Limited (HSC Ltd), the National Building Agency Limited (NBA) and Fingal County Council to the Housing Agency for Nil consideration in 2013. This was done on the direction of the Department of the Environment, Community and Local Government (DECLG) now the Department of Planning, Housing and Local Government (DPHLG).

## 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.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 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 statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

### 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

Prior period figures have been reclassified to align with current period presentation.

During the year the following reclassification of assets occurred:

Land held for development reclassified from current assets to non-current assets.

Land Aggregation Scheme have been reclassified from current assets to non-current assets.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 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 note 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.

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

	2017	2016
	€	€
Grant (Subhead A.10.3.1 & A.10.3.2)	5,200,000	4,069,000
Pyrite - Pyrite Resolution Board ( Subhead A.10.5.1)	<u>25,547,798</u>	<u>26,999,642</u>
	<u>30,747,798</u>	<u>31,068,642</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 11).

	2017	2016
	€	€
Fee Income	554,876	671,082

### 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. The redeployment of the National Building Agency Limited (NBA) staff was completed in 2016.

	2017	2016
	€	€
Recoupment of The National Building Agency Limited (NBA)	-	290,541

# Notes to the Financial Statements

For the year ended 31 December 2017

## 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.

	2017 €	2016 €
Recoupment of Expenses From Other State Bodies**	401,991	187,274
Fingal Recoupment	233,497	-

\*\*2017 costs: Salary €369,755 and Expenses €32,236

## 5.5 Rental Income

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

	2017 €	2016 €
Rental Income	32,139	11,726

## 5.6 Sale of Land Aggregation Scheme sites

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 2017 figure is related to sale of lands held at Glin, Co. Limerick.

	2017 €	2016 €
Sale of lands	25,000	248,000

## 5.7 Other Income

The Housing Agency also receives reimbursement for costs incurred in relation to other activities and schemes undertaken on during the year.

	2017 €	2016 €
A.4.4.1 Approved Housing Bodies Mortgage to Rent	7,595	-
A.4.4.2 Local Authority Mortgage to Rent	2,861	-
A.3.3.1 Housing Assistance Payment Scheme	16,329	-
A.5.4.1 Current - Deinstitutionalisation – People with Disabilities	10,070	-
A.3.1.2.1 Current - Long Term Leasing	3,198	-
Contribution received from Pyrite Remediation Scheme participant	12,572	1,000
Contribution from Homebond	-	52,289
Salary recoupment re secondment to State body	-	30,083
Other	-	7,428
	<hr/> <u>52,625</u>	<hr/> <u>90,800</u>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 5.8 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 2017, the Agency received a total of €678,572 from these third parties as a contribution to pyrite costs (2016 €317,400). These monies were remitted directly to the Department of Housing, Planning and Local Government.

## 5.9 Homebond

In 2017, 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 2017, the value of such staff and services provided was estimated at €347,636 (2016 €348,228).

## 6 Employees and Board Members

	2017 €	2016 €
<b>(a) Number of employees</b>		
The average number of employees during the year was:	55	47
<b>(b) Employment costs</b>		
Wages and salaries – Housing Agency staff	2,674,381	2,156,936
Wages and salaries – Pyrite staff	676,066	480,669
Wages and salaries – NBA assigned staff	-	286,623
	<u>3,350,447</u>	<u>2,924,228</u>
Travel and Other Staff Costs	319,870	164,040
	<u>3,670,317</u>	<u>3,088,268</u>

### (c) Pension Related Deduction

During the year pension related deductions of €145,841 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. It should be noted that following members Caroline Gill, Alex Flood, Jack Keyes from the Pyrite Remediation Board were paid €4,000, €2,200 and €4,489 each respectively for expenses in 2017. Derek Sinnott and Sean Balfe are also members of the PRB and are not in receipt of a fee under the One Pensions One Salary (OPOS) Principle

### (e) Chief Executive's Remuneration

The Chief Executives salary was €117,603 and increased to €120,287 on 1st April 2017 under the first phase of the restoration of the temporary pay cuts introduced under the Haddington Road Agreement. The Chief Executive pension is part of a Housing Agency's model public sector defined superannuation scheme (Non- New Entrant – pre- 2004) and his entitlements do not exceed that of other entrants.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 6 Employees and Board Members (continued)

### (f) Termination Benefits

During the year no termination payments were made during the year.

### (g) Short Term Benefits

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

### (h) Key Management Personnel

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

	2017 €	2016 €
Salary	537,360	500,573
Allowances	0	0
Health Insurance	0	0
	<hr/>	<hr/>
	537,360	500,573

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

## 7 Administration Costs

	2017 €	2016 €
Rent Payable	-	3,228
Rates	35,243	35,313
Insurance	44,437	49,565
Light and Heat	18,225	18,018
Cleaning	20,224	21,656
Repair and Maintenance	54,053	45,165
Printing Postage and Stationary	52,396	61,318
Communications	188,577	263,693
Information Communications Technology	196,166	136,450
Premises Costs	9,803	37,054
Bank Charges	943	1,083
Meeting and Kitchen Costs	69,735	35,199
General Expenses	4,783	3,864
Local Authority Training	522	526
Subscriptions	35,087	10,556
Foley Scholarship / Educational Support	35,199	24,417
	<hr/>	<hr/>
	765,393	747,105

# Notes to the Financial Statements

For the year ended 31 December 2017

## 8 Legal and Professional Fees

	2017 €	2016 €
Regulation and Development Costs	125,399	-
Legal and Professional	8,552	581,575
Research Expenditure	320,516	249,731
Housing Information and Training	2,542	-
Accountancy	24,592	34,408
Internal Audit	18,734	34,935
Audit	34,000	15,900
Land Valuations and Legal Fees for Asset Management	52,548	-
Advertising and Legal services for Local Authorities	16,616	-
ICB Credit Checks and Underwriting for Housing Supply	189,886	-
Loans		
Projects	43,456	-
Strategic Planning and Implementation	15,006	-
A&R Committee and Governance Review	39,643	-
	<hr/> <u>891,490</u>	<hr/> <u>916,549</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 2017, the Agency has made payments of €64.2 million under the scheme. Details of payments in 2016 and 2017 are set out below. Note 19 sets out details of future commitments under this scheme.

	2017 €	2016 €
Construction Project Managers	1,207,256	950,771
Work Contractors	22,051,523	23,677,415
Homeowner Payments	1,988,270	1,818,504
Legal and Professional	25,373	32,547
ICT Costs	-	1,684
Other Admin Costs	2,286	38,032
	<hr/> <u>25,274,708</u>	<hr/> <u>26,518,953</u>

# Notes to the Financial Statements

For the year ended 31 December 2017

<b>10</b>	<b>Property, Plant and Equipment</b>	<b>Development Land</b>	<b>Fixtures fittings and Equipment</b>	<b>Buildings</b>	<b>Computer Equipment</b>	<b>Total</b>
		€	€	€	€	€
<b>Cost</b>						
Opening Balance at 01 January 2017	1,441,320		117,887	273,255	147,624	1,980,086
Additions at Cost	-		-	4,700,000	72,054	4,772,054
Disposal	(1)		-	-	-	(1)
Balance at 31 December 2017	1,441,319		117,887	4,973,255	219,678	6,752,139
<b>Depreciation</b>						
Opening Balance at 01 January 2017	-		32,794	13,757	82,766	129,317
Depreciation for the Period	-		14,736	99,465	23,764	37,965
Balance at 31 December 2017	-		47,530	113,222	106,530	267,282
<b>Net Book Value</b>						
At 31 December 2017	<u>1,441,319</u>		<u>70,357</u>	<u>4,860,033</u>	<u>113,148</u>	<u>6,484,857</u>
At 31 December 2016	<u>1,441,320</u>		<u>85,093</u>	<u>259,498</u>	<u>64,858</u>	<u>1,850,769</u>
	€		€	€	€	€
<b>Cost</b>						
Opening Balance at 01 January 2016	1,441,320		112,277	273,255	142,802	1,969,654
Additions at Cost	-		5,610	-	4,822	10,432
Balance at 31 December 2016	<u>1,441,320</u>		<u>117,887</u>	<u>273,255</u>	<u>147,624</u>	<u>1,980,086</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	-		32,794	13,757	82,766	129,317
<b>Net Book Value</b>						
At 31 December 2016	<u>1,441,320</u>		<u>85,093</u>	<u>259,498</u>	<u>64,858</u>	<u>1,850,769</u>
At 31 December 2015	<u>1,441,320</u>		<u>94,869</u>	<u>263,349</u>	<u>89,749</u>	<u>1,889,287</u>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 10 Property, Plant and Equipment (Continued)

### Development Land

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.

Lands Held under Land Aggregation Scheme	2017 €	2016 €
Lands held under Land Aggregation Scheme	72	73
Total	72	73

As outlined in accounting policy Note 1.8, lands transferred under the land aggregation scheme are recognised at a nominal value of €1 per site transferred. During the year the Housing Agency started the process of revaluing the Lands held within the scheme. Only 1 of the sites held was completed within in the year with a revaluation of €7,795,000.

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.

### Current Activity:

- 2 sites are currently still in transfer process to the Housing Agency
- 2 sites have Ministerial sanction for disposal
- 4 sites are earmarked for Public Private Partnership projects
- 1 site was disposed of during the year for €25,000 see other income (Note 5.6)
- 16 sites undergoing revaluation.
- 1 of 16 sites completed valuation process during the year and was revalued to €7,795,000.
- Remaining sites are to be revalued in the following years.

### Addition of Buildings

The Housing Agency recognised the receipt of its head office at its market value. The head office was transferred to the Housing Agency for Nil consideration.

## 11 Accrued Income

	2017 €	2016 €
Accrued Income at 01 January	120,412	64,528
Income Invoiced up to 31 December	(599,851)	(615,198)
Fee Income Note 5.2	554,876	671,082
Accrued Income at 31 December 2017	75,437	120,412

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

# Notes to the Financial Statements

For the year ended 31 December 2017

## 12 Receivables

	2017	2016
	€	€
Trade Receivables	489,536	161,896
Other Receivables	31,022	3,351,820
Prepayments	<u>59,983</u>	<u>33,821</u>
	<u>580,541</u>	<u>3,547,537</u>

## 13 Cash and Cash Equivalents

	2017	2016
	€	€
Cash at bank	14,834,597	2,366,738
Deposit Account	<u>2,740</u>	<u>2,740</u>
	<u>14,837,337</u>	<u>2,369,478</u>

## 13 Cash and Cash Equivalents (continued)

### Cash & Cash Equivalents Analysis

Acquisition Funds	9,740,042
Harcourt Liability (Note 14(b))	196,406
Pyrite Remediation Scheme	1,484,216
Monies held on behalf of Local Authorities (Note 17)	3,023,700
Housing Agency Working Capital	392,973

## 14 Payables; amounts falling due within one year

### (a) Payables

	2017	2016
	€	€
Trade Payables	(35,656)	(11,747)
Other Payables	(16,614)	(16,765)
Harcourt Liability (Note 14(b))	(196,406)	(196,406)
Accruals	(348,724)	(316,551)
PAYE/PRSI	(151,115)	(107,127)
Value Added Tax	(615,556)	(902,232)
Withholding Tax	(76,439)	(70,333)
Pyrite Fund Deferred Income	-	(547,798)
Monies held on behalf of Local Authorities (Note 17)	(3,023,700)	(882,000)
Wages control	(87,004)	(62,472)
Pension Contribution	<u>(393,416)</u>	<u>(227,601)</u>
	<u>(4,944,630)</u>	<u>(3,341,032)</u>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 14 Payables; amounts falling due within one year (continued)

### (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.

As of 31 December 2017, 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 2017, the Housing Agency has no other liabilities to any party in respect of this matter.

	2017 €	2016 €
Funds held by Housing Agency at 1st January	196,406	196,406
Funds advanced by OPW	-	2,519,148
Paid to beneficiary during the period	-	(2,519,148)
<b>Funds on hand at end of period</b>	<b>196,406</b>	<b>196,406</b>

## 15 Pension Scheme

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

	2017 €	2016 €
Current Service Costs	824,000	447,000
Interest on Pension Scheme Liabilities	50,000	37,000
Employee Contributions	(145,841)	(133,182)
	<b>728,159</b>	<b>350,818</b>

# Notes to the Financial Statements

For the year ended 31 December 2017

## 15 Pension Scheme (continued)

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

During the Year	2017	2016
	€	€
Opening Liability at 01 January 2017	2,713,000	1,448,000
Current Service Cost	824,000	447,000
Interest Cost	50,000	37,000
Actuarial Loss / (Gain)	<u>6,280,000</u>	<u>781,000</u>
<b>Net Pension Liability at 31 December 2017</b>	<b><u>9,867,000</u></b>	<b><u>2,713,000</u></b>

### (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 15 (d), and a number of past events. These events include the statutory basis for the establishment of the scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process.

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

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

	2017	2016
	€	€
Funding Recoverable In Respect of Current Period Pension Costs	874,000	484,000
State Grant Applied to Pay Pensioners	<u>-</u>	<u>-</u>
	<u>874,000</u>	<u>484,000</u>
 Scheme Liability	 9,867,000	 2,713,000
Actuarial Loss / (Gain) arising from experience being different than expected (See ** below)	6,032,000	781,000
Actuarial Loss / (Gain) arising from change in liability valuations assumptions	248,000	
 Percentage of the Scheme Liabilities	 63.65%	 28.79%

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounted to €6,280,000 (2016: €781,000).

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

# Notes to the Financial Statements

For the year ended 31 December 2017

## 15 Pension Scheme (continued)

### (d) General Description of the Scheme

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

The results set out below are based on an actuarial valuation of the pension liabilities in respect of serving, retired and deceased staff of the Housing Agency as at 31 December 2017. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard Financial Reporting Standard – Retirement Benefits (FRS 102).

*The principal financial assumptions used were:*

Valuation Method	2017	2016
Discount Rate	1.85%	1.83%
Rate of Increase In Salaries	2.93%	2.81%
Future State Pension Increase	1.93%	1.81%
Future Pension Increases	2.43%	2.31%
Inflation	1.93%	1.81%

Average Life Expectancy Used To Determine Liabilities	2017	2016
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.

## 16 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.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 17 Assisting local authorities in purchasing housing

The Housing Agency acts as central point for multiple organisations for purchasing properties from receivers/lenders. Suitable properties from the portfolios were identified and local authorities approved the purchase of the relevant properties. The local authorities forwarded the funds to the Housing Agency and the relevant funds were then paid for the properties in the relevant portfolios. In 2017 the Housing Agency purchased houses in bulk from lending institutions on behalf of local authorities nationwide. Such housing stock is not the property of the Housing Agency. The transactions under the programme are outlined below:

	2017	2016
	€	€
Funding Received	19,584,200	1,109,500
Opening Stock	-	1,698,000
Purchases	(16,560,500)	(2,807,500)
Closing Stock	-	-
Balance of Funding Received	<u>**3,023,700</u>	<u>-</u>
Acquisition Costs	*325,844	*325,043

\*\* Balance of funding received is held in payables (Note 14)

\* Acquisition costs are incurred through the statement of income and expenditure and are to be recouped at a later date.

### Fingal Costs

During the year the Housing agency incurred costs of €278,337 on behalf of Fingal County Council, €233,497 of this cost had already been recouped with a further balance of €44,840 to be recouped.

## 18 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 €76m

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

The scheme's transactions in 2017 were as follows :

- The Department of Housing, Planning, Community and Local Government provided funding of €66m
- Deposits and purchases of houses for resale with a total value of €64,312,844 were paid in 2017. The Agency intends on selling these purchases in 2018, at cost, to housing bodies and local authorities over a short time horizon.
- Capital upgrade works had also been done of a portion of the houses to the value of €1,737,129 this is included as increased value to the stock of housing.
- Refund in deposits to the value of €2,087,569 occurred due to purchases not proceeding.
- Disposals of housing at cost to AHB's to the value of €7,170,014.
- The houses treated as stock and have been accounted for as follows:

# Notes to the Financial Statements

For the year ended 31 December 2017

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

<b>Statement of Financial Position Housing Acquisition Reserve</b>	<b>2017</b>	<b>2016</b>
Opening Balance	9,952,025	-
Grant Income	<u>66,788,975</u>	<u>9,952,025</u>
<b>Cumulative Grants in Reserves</b>	<b><u>76,741,000</u></b>	<b><u>9,952,025</u></b>
 <b>Transactions during the year</b>		
<b>Sales</b>	<b>7,170,014</b>	-
<b>Cost of Sales</b>		
Opening inventories	9,952,025	-
Deposit Paid & Purchases	64,312,844	9,952,025
Improvements to Buildings	1,737,129	-
Refunds	(2,087,569)	-
Transfers to Local Authorities for no Consideration (Note C)	(1,899,500)	-
Closing Stock	<u>(64,844,915)</u>	<u>(9,952,025)</u>
<b>Total Cost of Sales</b>	<b><u>7,170,014</u></b>	<b><u>-</u></b>
<b>Gross Profit</b>	<b><u>-</u></b>	<b><u>-</u></b>
 Non- Recoverable Purchases and Sales Costs (Note A)		
Legal & Professional Fees	1,254,298	-
Housing Acquisition Costs	1,800,222	-
<b>Total Non-Recoverable Costs</b>	<b><u>(3,054,520)</u></b>	<b><u>-</u></b>
<b>Rental Income (Note B)</b>	<b><u>8,180</u></b>	<b><u>-</u></b>
<b>Transfers to Local Authorities for no Consideration (Note C)</b>	<b><u>(1,899,500)</u></b>	<b><u>-</u></b>
<b>Profit/(Loss)</b>	<b><u>(4,945,840)</u></b>	<b><u>-</u></b>
<b>Balance in Reserves</b>	<b><u>71,795,160</u></b>	<b><u>-</u></b>

Note A – These are costs which have been absorbed by the Housing Agency during the purchasing of Housing.

Note B – This is rental income received which is generated from some of the housing stock held in the Statement of Financial Position.

Note C – This is the value of housing stock which is transferred to local authorities at nil. This amount of stock has been apportioned against the Housing Acquisition Reserve

Profit and Loss is calculated by rental income less non- recoverable costs. Losses are then taken from the revolving €76m fund into the following year.

# Notes to the Financial Statements

For the year ended 31 December 2017

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

Housing Acquisition Costs (76m Fund)	2017
	€
Acquisitions Consultant	82,822
Agency Staff	63,968
Purchase, Sales and holding Costs	1,254,298
Stamp Duty	559,139
Property Valuations	161,787
Insurance	139,794
Property Inspections	345,491
Local Property Tax	202,841
Professional Advice	88,912
Service Charges	54,915
Security Services	7,095
Utility & Connection Costs	5,383
Misc Expenses	2,047
Approved Housing Bodies (Non Recoverable) Costs	86,028
	<hr/>
	3,054,520

## 19 Commitments

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

No provision has been made in the accounts in respect of the potential liability under the scheme as it is the Board's policy to recognise the costs of claims as they are approved. The Pyrite Resolution Board estimates that the total costs of the remediation scheme will amount to €131 million which is based on projected costs for the next 5 years based on current average cost per house.

At the 31 December 2017, the Housing Agency had the following contractual commitments and obligations in relation to the Pyrite Remediation Scheme (PRS).

Construction Consultants	2017	2016
	€	€
Total Value of Construction Consultants Contracts at 31 December 2017	3,680,574	3,662,691
Total Value of Payments on Account to 31 December 2017	(1,207,256)	(950,771)
Outstanding Contractual Commitments to Consultants at 31 December 2017	2,473,318	2,711,920

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.

# Notes to the Financial Statements

For the year ended 31 December 2017

## 19 Commitments (continued)

Works Contractors	2017	2016
	€	€
Total Value of Works Contractors Contracts at 31 December 2017	69,371,709	69,762,272
Total Value of Payments on Account to 31 December 2017	(22,051,523)	(23,677,415)
Outstanding Contractual Commitments to Contractors at 31 December 2017	<u>47,320,186</u>	<u>46,084,857</u>

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.

## 20 National Building Agency

During the year the Housing Agency assumed costs of €13,580 on behalf of the National Building Agency.

## 21 Accounting periods

The current accounts are for a 12 month period ending 31 December 2017. The comparative figures are for a 12-month period ending 31 December 2016.

## 22 Subsequent Events

On 27 April 2018 the Minister for Housing, Planning & Local Government appointed Michael Carey to the position of Chairperson to the Housing Agency for a period of 5 years.

## 23 Related Party Disclosures

Key management personnel in Housing Agency consist of the CEO and members of the Board. Total compensation paid to key management personnel, including Board members' fees and expenses and total CEO remuneration, amounted to €120,287 (2016: €117,603). For a breakdown of the remuneration and benefits paid to key management personnel, please refer to Note 6.

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

## 24 Approval of Financial Statements

The board of directors approved these financial statements for issue on the 26<sup>th</sup> June 2018.

## **Notes**





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