



Pre-Budget Submission 2006

Threshold is a national housing organisation that provides information, advice and advocacy services to people with housing problems, especially those living in the private rented sector. Our Access Housing Unit helps people move out of homeless hostels and shelters and into private rented accommodation. We also campaign for a better housing system by conducting research and promoting policies that address the needs of the most vulnerable.

Ireland has gained a reputation for marked income inequality on the one hand and high house prices and rents on the other, a combination that has made life extremely difficult for those who missed out on the economic opportunities of the past decade. Housing policies must be much more proactive in alleviating the strain on those who have been excluded from the benefits of the Celtic Tiger. Accelerated investment in social housing, more support for those experiencing affordability problems in the private rental market, proper enforcement of existing regulations such as minimum dwelling standards and estate regeneration that supports resident communities should all be priorities for government.

Accommodation Standards in the Private Rented Sector

The Housing (Standards for Rented Houses) Regulations 1993 do not require a standard of housing that reflects today's accepted living conditions. For example no refrigerator has to be provided, nor central heating; and the landlord does not have to supply a cooker, just the means of installing cooking equipment. There is no requirement for fire alarms or extinguishers. Neither have existing standards been enforced properly. According to the Department of the Environment, Heritage and Local Government's (DEHLG) statistics, 2,106 out of a total 7,232 inspections of private rented premises by local councils during 2004 revealed sub-standard conditions (29%), but legal action was taken only in four cases. Although some properties initially found to be substandard may upon re-inspection have remedied the defects, this information is not provided by the Department.

Substandard conditions are most likely in older houses that have been converted into flats. Tackling illegal practice in this area should be the government's first priority. But even amongst newer residential properties, especially those built under tax incentive schemes in the 1990s, the quality can be inferior. Common complaints include inadequate sound-proofing, lack of storage space, poor maintenance of common areas. Although these

properties may meet existing minimum standards, their design, construction and maintenance create a significant risk of new slums emerging in the future.

A comprehensive standards programme to protect all tenants is urgently needed. At present there is negligible enforcement of fire safety standards for dwellings, whether old or recently built. Although building control and fire safety regulations have been in place since 1992, and Fire Safety Certificates are issued prior to the commencement of construction of multiple unit developments, rarely are site inspections conducted to ensure compliance.¹ For older multiple unit buildings, and single unit dwellings, the Fire Safety Certificate process does not apply; it is a largely a case of 'buyer beware' – except that tenants are not in the position of buyers.² For example, tenants cannot presume that there are good fire escape routes in pre-1963 rental properties or effective firewalls between terraced houses.

The government should begin a staged reform process leading eventually to a certification system whereby a landlord renting a property is required to certify with the PRTB that the dwelling meets defined standards that make it fit for the purpose of living in as a home. A well-resourced inspection programme based on risk assessment criteria would motivate all landlords to ensure that their self-certification meant that the dwelling conditions complied in practice.

Clearly careful planning is required to map the organisational and resource implications of moving to a fully fledged certification system. For example, the Review on Fire Safety Standards commissioned by DEHLG made a number of recommendations:

- much closer integration of local authority staff in Building Control and in Fire Safety. The Health and Safety Officers responsible for the minimum standard regulations also should be included to facilitate comprehensive inspections and enforcement.
- a strong national fire safety organisation to promote good performance across the country. Such an innovation should also take on responsibility for the application of adequate dwelling standards.
- measures to improve staff morale in Fire Safety and to improve training. The inspection of existing dwellings when there is no access to building design information demands additional skills of inspectors.
- a greater emphasis on prevention and mitigation of fires, with efforts guided by risk assessments based on the collection of much better information.

¹ The Farrell Grant Sparks "Review of Fire Safety and Fire Services" for the Department of the Environment, Heritage and Local Government (2002) stated, "Relatively few inspections, however, are carried out to assess compliance with Part B (Fire Safety) [of the Building Regulations]. (page 17)

² Under the Fire Services Act 1981 the Fire Services can inspect a multiple unit residential property but properties built before 1992 that have not been subject to material alteration do not have to comply with Building Code standards. In the unlikely event that an older building with flats is inspected the fire authority refers to the DOE publication "Guide to Fire Safety in Flats, Bedsitters and Apartments (1994)" in interpreting Sections 18 (2) and 18 (3) of the Fire Services Act 1981.

- legislative change to underpin the certification regime.
- **Private rented dwelling standards must be upgraded by DEHLG and effectively enforced by local authorities.**
- **DEHLG must establish a steering group, composed of independent experts and housing organisations as well as civil servants, to plan and implement a strategy for developing and enforcing comprehensive standards protection for tenants.**
- **DEHLG must improve the quality of the information related to fire safety enforcement and the enforcement of minimum dwelling standards.**

Residential Tenancies Act 2004

The Residential Tenancies Act is a major step forward for the private rented sector. It puts the landlord and tenant relationship on a more business-like footing; the rights and responsibilities of landlords and tenants are clearly written down; and the means of resolving disputes will be more flexible and cheaper than in the past. The Act became fully operational at the end of 2004. Teething problems slowed the registration of tenancies; to date 78,000 are registered out of an estimated total of 155,000. The Private Residential Tenancies Board (PRTB) must accelerate its efforts to get landlords to register.

The PRTB has received 570 complaints for which the requisite fee was paid. Twenty-five determination orders have been published on the PRTB's website. In contrast to published reports issued by the Equality Tribunal on individual cases, the Board's orders do not provide sufficient background information about the dispute to inform those advising landlords and tenants on the types of conduct that are compliant with the Act or what justified any remedies required.

In order to avail of the protections set out in the Act, tenants with housing problems will need advice and advocacy support to present their case. Few people on low incomes will be able to afford legal representation if it is required. It is crucial that Threshold is provided with sufficient resources to meet new demands for support.

- **The Private Residential Tenancies Board must regularly publish reports about decisions taken that explain in plain English their relevance to tenant and landlord conduct.**

- **The Government must allocate additional funding to Threshold and other organisations who can support people to take cases to the dispute resolution service established by the Residential Tenancies Act 2004.**

Promoting investment in the Private Rented Sector by financial institutions

It is highly likely that if financial institutions were to invest directly in the sector, good quality private rented accommodation would increase and good management practices would become the standard. Threshold's research report "Opportunity Knocks? Institutional Investment in the Private Rented Sector in Ireland" (2004) explains the numerous barriers to such investment occurring, in marked contrast to the situation in countries such as the Netherlands, France, Sweden and to a much lesser extent, Britain. The Government should seek to ensure that the private rented housing market is an attractive, sound investment for financial institutions in Ireland.

- **The Government must examine the potential for special purpose vehicles to promote investment in the private rented sector, specifically the 'Property Investment Fund' currently being investigated by the UK government;**
- **The PRTB must examine ways of enhancing the availability of relevant data and analysis that could prove useful for financial institutions in assessing the potential of the Private Rented Sector for investment purposes.**

Rent Supplement

The private rented sector has been the fastest growing segment of Ireland's housing system, rising from 7% of all dwellings in 1991 to 11% in 2002. Part of that growth stemmed from a need to accommodate the increasing numbers of low income households who were unable to access social housing. About 40% of private tenants depend on rent supplement, and the cost of the scheme has become substantial, at €353 million in 2004. Exclusionary restrictions, imposed on the rent supplement scheme during 2003 and 2004, were relaxed by Minister Séamus Brennan, TD, as a most welcome response to representations from organisations such as Threshold. However some problems remain.

As Threshold's 2004 survey of a sample of recipients in Cork demonstrated, a significant number (21%) are paying unauthorised 'top-up' rent to their landlord out of their limited household budgets because the authorised amount of rent (the ceiling) is too low, while half are living in substandard

accommodation because they could not find anything better within the rent ceiling constraints.³

Threshold's Access Housing Unit (AHU), which helps people who are homeless to move out of emergency accommodation and into private rented accommodation, continues to have difficulty accessing accommodation within the rent ceiling, especially for single person households. Current rent supplement rules provide for exceptions to permit rents above the ceiling in the case of homeless persons, but in practice the AHU has rarely been able to get approval quickly enough for tenancies at rents above the ceiling (for example, €130 for a single person as opposed to the €120 rent cap). The variability of responses by the authorities and the procedures to which vulnerable clients must submit (with little prospect of a home at the end of it) severely limit the AHU's ability to help single homeless persons. Administrative changes in the operation of the Scheme are required, for example to designate centrally placed officials who would familiarise themselves with AHU procedures and make prompt decisions on above ceiling requests.⁴

On ten days between 18 July and 3 August the AHU surveyed all the lets advertised in the Evening Herald for bedsit accommodation in Dublin. During the survey an increase in the rent supplement was announced, rising from €115 per week to €120 per week for a single person household. For the 137 properties that were advertised the asking rent averaged €130.22. Properties that were self contained and accepted tenants on rent supplement numbered only 26 (19%). Their rents averaged €138.48 with only three asking €115 or less and five asking €120 or less.

A growing number in Ireland who experience housing affordability problems are the 'working poor'; they are employees on or near the minimum wage who cannot buy a home of their own, even at a discounted rate, but at the same time are ineligible for rent supplement because they work more than 30 hours per week. As pointed out in NESC's recent report on housing, almost one third of all jobs in the Irish economy are forecast to require less than upper secondary schooling to be adequately performed and their earnings levels are likely to remain modest. NESC concluded "that a case can be made for testing a new type of support to landlords who would supply 'affordable' rental accommodation to [such] households."

³ "Seeking a Home on Rent Supplement: Experience in Cork City in 2004"

⁴ The Homeless Persons Unit in Cork City manages SWA and rent supplement for the first three months, facilitating access to private rented accommodation.

- **Administration of the Rent Supplement Scheme must be changed to ensure a consistent and prompt response in the case of exceptional needs, particularly where homeless persons referred to the Access Housing Unit are having difficulty finding accommodation under the rent cap.**
- **Rent caps must reflect the real cost of renting. Guidance on 'reasonable rents' should be revised in consultation with organisations dealing directly with the market such as Threshold's Access Housing Unit.**
- **Pilot schemes should be developed and implemented to deliver affordable rental housing to the 'working poor', i.e. low income earners ineligible for rent supplement.**

Rental Accommodation Scheme

On 7th July 2004, the Government announced new arrangements whereby local authorities will assume responsibility for meeting the long-term housing needs of people on rent supplement for 18 months or longer. Housing will be provided through a mixture of private rental housing, social housing, housing provided by voluntary housing associations and new-build Public-Private Partnership projects (PPPs). Local authorities will engage in contractual arrangements with existing and new landlords to provide accommodation under the scheme.

Although efforts are underway to make landlords aware of RAS, many tenants know nothing about the new scheme and more resources should be invested in informing them about its operation and its implications for their future housing.

Designating private rented dwellings as homes for people in long term need under RAS is accompanied by a promise by Government that such accommodation will meet minimum dwelling standards. Threshold considers that the quality of RAS housing must reach a higher standard. RAS aims to provide longer-term rather than temporary accommodation and this should be reflected in the quality of accommodation demanded by the scheme. In addition, existing minimum standards regulations are out of date and do not reflect today's accepted living conditions. Features such as sound proofing, storage space, clothes drying facilities are highly relevant to the forms of accommodation available today.

- **DEHLG must launch a public information campaign that clearly explains the implications for tenants of the RAS**

- **The dwelling standards applying to dwellings in the Scheme must exceed the statutory minimum to reflect generally accepted modern norms for homes in Ireland.**

Social Housing Output

Before the release of information about the escalation in the number of households unable to access adequate housing out of their own resources, the government included in its National Development Plan 2000-2006 commitments to social housing investment. Yet activity over the last five years has failed even to measure up to this relatively modest Plan (Table 1). Part V of the Planning and Development Act, for example, had yielded only 217 units by the end of 2004. To reach the NDP undertakings by the end of 2006, local authority starts would have to be double achievements to date while the output of housing associations would need to be more than three times greater.

Table1 **Social housing activity: actual and NDP commitment**

	<i>Local Authority starts</i>	<i>Housing Association output</i>
	Number of units	Number of units
NDP commitment 2000-2006	40100	15500
<i>Subtract</i> Actual 2000-2004	22272	6788
<i>Remainder to do in</i> 2005 & 2006	17828	8712
Average per year 2000-2004	4454	1358
Average per year in 2005-2006 to achieve NDP	8914	4356

While the Department of the Environment, Heritage and Local Government has taken some steps to improve social housing delivery, such as the introduction of local authority social and affordable housing action plans, clearly more concerted organisation and effort are required to ensure that plans are realised on the ground. Shortfalls of the magnitude likely under the current NDP mean needless hardship for many people.

In fact housing needs to play an even larger role in the next national development plan. The social partnership body, the National Economic and Social Council (NESCC) “strongly recommends that a high level of ambition is

now appropriate for the future provision of social housing.”⁵ Given the length of local authority waiting lists, the Council believes that social housing should constitute a considerably higher proportion of Ireland’s housing stock than at present. The Council envisages the number of social housing units rising to 200,000 by 2012 from the current level of 127,000 units. Since local authorities will continue to lose stock through tenant purchase, NESC’s projection implies new social housing build in the region of 10,000 units per year – a rate that Threshold has called for in previous submissions.

- **Capital spending on the provision of social rental housing in 2005 must enable starts to rise to at least 10,000 units.**

Housing Waiting Lists and Local Authority Assessments of Social Housing Need in 2005

The successive social housing needs assessments have revealed a worsening housing crisis for the least well off in Ireland. At the same time the economic and social costs of compelling people to live in inadequate accommodation are increasingly understood. The assessment taken in March 2005 is due for publication in October. It should provide the basis for the Government to manage systematic reductions in the length of waiting lists and waiting times.

The commitment to develop a housing access target made in the Government’s NAPS Review, *Building an Inclusive Society*, has not yet been fulfilled. The Social and Affordable Action Plans 2004-2008 prepared in 2003 by local councils were a step in the right direction. Now undertakings at the national level are required that focus not just on the amounts of social housing provided but also on how this meets the levels of housing need. An open policy-making process should be established immediately where the costs involved in reducing waiting times for households in housing need are analysed, and ambitious yet realisable targets set for housing provision.

- **DEHLG must set specific and measurable targets for reductions in local authority waiting lists and waiting times.**

Urban Regeneration

A survey commissioned by the DEHLG shows that social housing tenants are more likely than others to live in houses or flats that are too small or in need of housing repairs. Also the location in which they live may be less safe and more littered than other areas.⁶ Initiatives to regenerate social housing estates in recent years have been the source of much public discussion.

⁵ NESC (2004) “Housing in Ireland: Performance and Policy” page 151

⁶ D Watson and J Williams “National Survey of House Characteristics and Quality 2001/02” presentation at Housing Unit Conference, 20 February 2003

Threshold's research on the use of a public-private-partnership (PPP) arrangement to redevelop a housing estate on the west side of Dublin highlights the challenges inherent in using this approach.⁷ While the offer of publicly-owned land to the developer frees the Exchequer from responsibility for supporting the project, other hazards arise. Success hinges on the community taking 'ownership' of the regeneration project. Yet the fragmentation of neighbourhood, the complex nature of the PPP arrangement, the fast pace at which the framework is irrevocably set and the focus on 'bricks and mortar' make this difficult to achieve.

Some initiatives applicable to any social housing estate to improve tenant participation in estate activities can facilitate proper engagement if and when regeneration becomes an option. The adoption of systematic, cyclical maintenance by local authorities is welcome because it helps to keep estates in good order and prevent the alienation of residents. But the number of boarded-up dwellings and lengthy waits for repairs indicates that more resources are needed. In the housing association sector, where buildings are relatively new, funding arrangements do not at present ensure adequate reserves for major repairs and up-grades.

Measures to build strong community groups that address housing as well as other issues facilitate the negotiation of change when regeneration becomes necessary. Also the regeneration process has to be resident-friendly so that local people are genuine partners. Critical evaluation (involving input from outside the local authority) should be undertaken for each regeneration scheme, and the learning disseminated in an easily digestible format across communities.

- **Local authorities must report promptly, and jointly with other stake holders, on each regeneration scheme that they undertake, evaluating the economic and social impact of the project.**
- **Newsletters and other means of communication controlled by the project partners should be supported. There should be commentary from different perspectives about progress in project developments in the region, and on the ways in which the authorities are involving residents. Experience that indicates good practice for future projects would be highlighted.**
- **Local authorities, with backing from DEHLG and other departments, should provide for the continuous training for social housing estate residents. Consideration should also be given to delegating certain estate functions, such as**

⁷ A report is forthcoming.

communal area clean-up to tenant-based bodies to strengthen community participation.

Income Tax Relief for Renters

At present a single person less than 55 years of age can claim up to €300 in rent relief when paying income tax. According to a sample survey conducted by Threshold this amounts to 3% of the average rent on an annual basis for the one bedroom apartments advertised to let in Dublin during the first half of 2005.

Greater tax relief is needed, especially given the finding that one in five tenants in the private rented sector spent more than 35% of their budget on rent. By contrast only 1% of house buyers spent more than 35% of their budget on housing costs. Approximately 20,000 to 25,000 private rented households and 4,000 to 5,000 home owners have housing affordability problems.

- **The Department of Finance must double the tax relief for tenants in the 2006 Budget, e.g., from €300 to €600 for a single person aged under 55 years.**