



Focus Ireland Budget 2014 Putting People First

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PUTTING PEOPLE FIRST

‘The reality is that many more people are now at risk of losing their homes as they struggle to pay their rent or mortgage. Families today are more at risk of homelessness than in previous recessions.’

Cover photograph by Cyril Byrne, courtesy of The Irish Times.

Pre-budget Submission 2014

Introduction

As one of Ireland's leading homeless charities, Focus Ireland is at the forefront in dealing with the accumulated implications of several years of recession and austerity.

There has been a rise of just over 23% in the number of people seeking Focus Ireland's support in recent years – rising from 6,500 in 2010 to over 8,000 people in 2012. This rise is due both to the growing number of people who are homeless, or at risk of losing their homes, and the introduction of new services across the country to meet demand at a local level. The reality is that many more people are now at risk of losing their homes as they struggle to pay their rent or mortgage.

Families today are more at risk of homelessness than in previous recessions. Over the last year, our family support services in Dublin have seen a doubling of the number of families becoming homeless, rising from 8 families per month to over 16. This means that on average 33 children every month go through the trauma of their family losing their home.

In addition, it is becoming harder for people to move out of homelessness. The toxic mix of severe unemployment, funding cuts to some vital services, and a growing shortage of affordable housing is keeping people trapped in expensive emergency homeless accommodation. Experience has also shown that the longer a person remains homeless, the harder it becomes for them to access and sustain a mainstream tenancy.

Budget 2014 – time to put people first

Homelessness is the most extreme form of poverty to be found in the developed world. While housing policy is a core element of any solution to the problem, health policy, training, income maintenance, capital investment, and other budgetary decisions are central both to preventing homelessness and enabling sustained exits from it. It requires coherent, co-ordinated and collective Government action. Rising homelessness is not an

inevitable symptom of poor economic performance, it is a barometer of the capacity of the entire Government to turn its words about 'protecting the vulnerable' into effective action.

As the Government sought to prevent the total collapse of our economy, the last 5 budgets have been dominated by numbers, not people. The stories of the families and individuals who have become homeless over the last 12 months are clear evidence that we need to re-think our idea of who has become 'vulnerable' in our society.

As social services have been repeatedly cut back to save money, they have sought to target those who are already on the margins of society. Protecting the already marginalised is, of course, essential, but our social network is increasingly failing to support people who have unexpectedly become vulnerable due to bad luck or a short-term crisis. As a result, expensive solutions are required when less expensive preventions would have been possible. This in turn undermines broad public support for social services, which are increasingly seen as only for the very poor. While public finances are by no means recovered, the forthcoming budget provides the first opportunity for this Government to start to indicate what sort of society we plan to rebuild.

Focus Ireland believes that Budget 2014 must start a process of reform which will implement policies and deliver services to prevent people from losing their home and to help others to find a route out of homelessness. Budget 2014 must put people first and not deliver more relentless austerity measures at the expense of the most vulnerable. Our proposals to help achieve this and to ensure the new Government deadline of ending long-term homelessness by the end of 2016 are outlined in this submission.

1 Ending Homelessness by Providing Homes

PROPOSAL

Increase the capital budget for social housing by €400m in Budget 2014, as part of the stimulus package to create jobs and meet social needs. This will provide up to 3,000 homes.

There is growing support for the idea that the Irish economy requires strategically targeted stimulus investment to help create jobs and also to address social needs. The Government itself supports this view, and has announced a number of such packages. Ministers have indicated that such Government stimulus packages are envisaged in the future, as resources permit.

However, to date the Government and other advocates of stimulus investment have strikingly neglected the central economic and social importance of investment in social housing. Focus Ireland believes that the time is right for a substantial re-think of the role of investment in social housing, as a key component of future investment packages. The international experience shows that investment in social housing has worked effectively as part of stimulus packages, which aim to boost employment and address housing needs.

Yet, at home in Ireland the building of social housing has moved from being a central concern of Irish Governments to being virtually abandoned. Social housing has been singled out for cuts in every expenditure review since the start of the recession. Of course, all areas of capital investment have been cut, but the proportion of capital invested in housing has been more than halved. In 2008, 17% of our capital investment went into housing; by 2011 it was down to 8%.

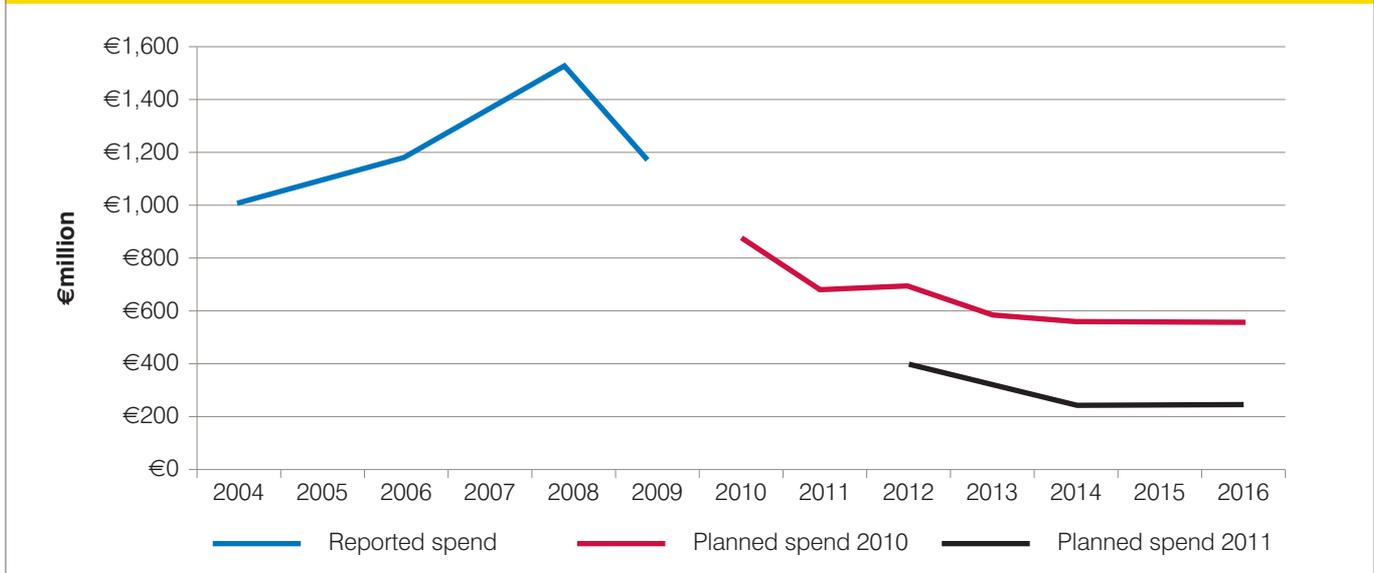
By the end of the current expenditure plan in 2016, it will have dropped to around 2%. This is at the very time that housing needs are higher than ever and there is massive unemployment in the construction sector. The proportion of the housing spend allocated to social housing has also fallen, so that by 2016 the total spend on social housing will have fallen to just €92 million a year.

This targeting of social housing for heavy cuts was justified by the Government on two grounds. Firstly, that the new 'social housing leasing scheme' would deliver a new stream of social housing which had been privately built. The Government could then shift from providing capital investment to providing revenue funding because private investors had already put the capital investment in place. Secondly, that NAMA would provide a 'social dividend' of houses left over from the boom being taken into social ownership.

Neither of these predictions has come true. The leasing scheme, which promised to deliver 4,000 units by the end of 2009 has only delivered around 2,500 units from the private sector to date¹. NAMA, with expectations of 2,000 units by the end of 2011, has provided only 397 social homes in three years².

There are currently over 100,000 households on the social housing waiting list, and it is now broadly acknowledged that there is a shortage of housing stock in Dublin and other urban centres. This shortage applies to both private and social housing. Social housing provision cannot continue to rely on capturing an excess of cheap privately built stock. In order to stand any chance of meeting the social housing need, we must build at least 9,000 new social housing units each year for the next number of years. At present, the number of new social housing units provided is around 4,000 per year³ (of which only a few are newly built).

Capital Spend on Housing 2004–2016



The current approach to investment in social housing was built upon an assumption that there is existing privately built stock that which can be brought into social use. It is now clear that, partly due to poor spatial planning and inadequate building standards, there is much less suitable empty stock than was believed. Of the 397 NAMA units transferred to social housing, only 113 are in Dublin⁴, where the majority of people who are homeless live. There are no figures available for the number of these units which have been allocated to people moving out of homelessness. While some suitable privately built stock does exist, and should continue to be pursued, what is required is a return to construction of new stock.

It is now time to re-think the capital expenditure policies and re-start investment in the building of social housing. Given the long lead-in time for housing construction, unless this policy is reversed we will be living for a generation with the social consequences – homelessness, urban degeneration, unemployment black-spots, and persistent homelessness. Even more

ominously, several commentators suggest we are already putting in place the conditions for the next disastrous housing bubble.

Many 'Approved Housing Bodies' and local authorities have significant house building projects which are 'shovel ready' but which could not go ahead due to the credit crisis⁵. In the context of a signaled medium-term shift of investment policy, these projects could provide early benefits while the work was undertaken to bring forward a new phase of projects. A special capital investment of €400 million to initiate house building in Dublin, Cork and other major cities could start to deliver up to 3,000 homes, with the first coming on stream in 2015. Furthermore, it would create over 3,200 construction and supply jobs and so provide a much needed boost to the real economy. This would be a highly suitable way of investing the benefits from the recent 'promissory note' renegotiation – to provide both economic and social benefits both in the short and the long-term.

1 Minister Hogan's reply to PQ 33648/13 on 16th July 2013, indicates that 4,114 units had been provided from the Leasing Initiative. However over 1,500 of these involved unsold 'affordable housing units' already owned by the local authorities themselves.

2 <http://www.housing.ie/NAMA>. A further 300 are 'under negotiation.'

3 In 2004, the NESC established that we would need to build 73,000 new social housing units (net of tenant purchase) between 2005 and 2012. This would amount to 9,125 completions (net of sales) per year, bringing total social housing stock to around 200,000 by 2012. This estimate of projected social housing need was adopted in a range of Government strategy documents over the following period. Despite many changes in the external environment, these projections of need remain broadly valid today.

4 Fifty five are in the Dublin City Council area, while 58 are in Dún Laoghaire-Rathdown Co. Co, however it would appear from the detail of the report that only 34 of these are actually available for social letting <http://www.housing.ie/NAMA>.

5 Focus Ireland has two such construction projects: Harold's Cross and John's Lane West which would deliver around 70 housing units. In both cases, the land is in Focus Ireland ownership, planning permission is in place and building plans are agreed.

2 Protecting Homeless Services

PROPOSAL

No further cuts to the Department of Environment Section 10 budget or to the HSE Social Inclusion budget.

Homeless organisations throughout the country are reporting increased demand for both crisis and prevention services. In response to this challenge there has been a concerted efficiency drive. This has resulted in much higher utilisation of emergency beds – with around 98% of all emergency beds used each night. Staff costs have been cut through restructuring, wage cuts and freezes, and redundancies. Homeless organisations have also pooled resources and several services are now delivered through partnerships. Focus Ireland now partners with the Dublin Simon Community in the Dublin Outreach Team, with Merchant's Quay in the provision of Extended Day Services, and with the Peter McVerry Trust in the delivery of SLI (Support to Living Independently).

Funding for homeless organisations comes from three primary sources: the local authorities/Department of Environment (DOE), the HSE, and public fundraising. All three are under pressure. Some areas of funding are harder to cut than others (e.g. public sector wages, tendered and contracted services). As a result, a more substantial cut is levied on some services, with the voluntary sector particularly vulnerable.

DOE funding has been protected in recent years by both the previous and the current Government, until this year when a cut of over 3% was imposed. This funding pays for state services as well as voluntary services. Notice of this cut was issued half way through the year which meant that its implications were more difficult to deal with than if they had been notified at the beginning of the year.

While a cut of 3.4% in DOE funding may seem a small amount (given the level of cuts in many other sectors) it comes on the back of repeated cuts to HSE funding to homeless services in recent years, with some services in Dublin experiencing HSE cuts of over 20%. As in the case of the recent DOE funding cut, late notification of cuts has also served to increase their damaging effect. HSE funding goes

towards critical services such as mental and physical health, as well as supporting services for children and families who are homeless.

Unlike many social services, homeless services make a very substantial contribution to their own funding through the support of public and corporate donations. Focus Ireland has undertaken an ambitious programme to double the level of money raised from fundraising over the period of our current development strategy (2011–16). It is important to note that no individual or corporate donor wants their donation to be used to replace the government cutbacks required to rescue the banks. Fundraising allows Focus Ireland to provide innovative services and to expand services at a local level – where required – to meet rising demand. Thanks to the generosity and commitment of our private and corporate supporters we are still on track to achieve this goal. However, the challenges of this form of funding cannot be overestimated in the current economic climate. It is also important to recognise that this form of charitable fundraising cannot be a replacement for adequate public funding to meet the fundamental housing needs of citizens.

Despite being faced with pressures on all their funding sources, voluntary homeless organisations have largely protected their front-line services from the effects of the recession so far. However, all organisations are reporting that further cuts will result in the closure of essential services for people who literally have nowhere else to go.

Focus Ireland recognises that significant reductions in public expenditure can be realised by moving households out of homeless accommodation into mainstream housing with supports as necessary. Consequently, we are working towards a situation in which public expenditure on homelessness would be significantly lower. However, these reductions can only be delivered in the medium-term and are totally contingent on investment to provide the homes for people moving out of homelessness, and appropriate policies to prevent avoidable homelessness.

In this context, the HSE Social Inclusion Funding must be maintained at current levels for 2014. HSE Children and Families funding must also be fully protected as it is transferred to the new Children and

Families Agency. The DOE funding level should be returned to the expenditure outcome for 2012.

Funding for Disadvantaged Youth

Focus Ireland has a track record of providing specialised support services for teenagers and young adults who, due to relationship breakdown in their families, are homeless. Services include a case management, day facilities for young people living on the streets and advice. Funding for these services (which now comes from the new Department of Children and Youth) has been hit by a massive two-thirds cut over the last four years. Further cuts in the youth budget are planned for 2014, which will push our services and similar services working with disadvantaged young people to a crisis point. International research shows that young people who experience homelessness are more likely to remain homeless during their adult lives, so the consequences of these cuts will continue for years to come. The budget should revoke the further planned cut in the youth services budget.

3 Social Protection

The main reason people are homeless is due to lack of access to suitable housing. However, there are many other reasons which contribute to a household becoming homeless, and for many families and individuals its root causes are to be found in prolonged shortage of money. Changes in payments and policies made by the Department of Social Protection have a serious impact on people who are homeless and also on those who are at risk of losing their home.

The cuts in basic welfare payments in the first two austerity budgets and the restrictions in entitlement and discretionary payments in recent budgets have already pushed many households ever closer to housing insecurity and caused some to become homeless. Focus Ireland believes a number of actions have to be taken across these areas to help tackle and prevent homelessness more effectively.

These measures include:

- ▶ To protect basic weekly social welfare payments.
- ▶ No net cuts in child income support for low income families.
- ▶ Fast-track new Housing Assistance Payment Scheme to Help People Trapped in Homeless Emergency Accommodation to Secure a Home.
- ▶ Resource the Welfare Appeals office to ensure all appeals are heard in timely manner.

Full details on the above measures can be read at www.focusireland.ie

Rent Supplement

Rent Supplement plays such a vital role in both preventing homelessness and helping people who are homeless to secure a home that Focus Ireland believes there are some crucial actions required on this scheme in the Budget. Focus Ireland has already made a detailed submission to the Department of Social Protection Review of Rent Supplement rental levels, and welcomed the Review's recommendation of increased maximum thresholds in Dublin and some other cities. We also expressed concern about the impact of lower thresholds in Waterford.

Focus Ireland renews its call that a specific budget should be ring fenced within the Rent Supplement estimate to facilitate the 'discretionary' elements (deposits, exceptions to the rental maximums) which are of vital importance to people seeking to escape homelessness. As part of its commitment to the Government target of ending long-term homelessness by 2016, the Department of Social Protection should issue a new Guideline to Community Welfare Officers. This should set out that it is a matter of public policy that their statutory discretion should be used to reduced incidents of homelessness and to assist people to exit homelessness.

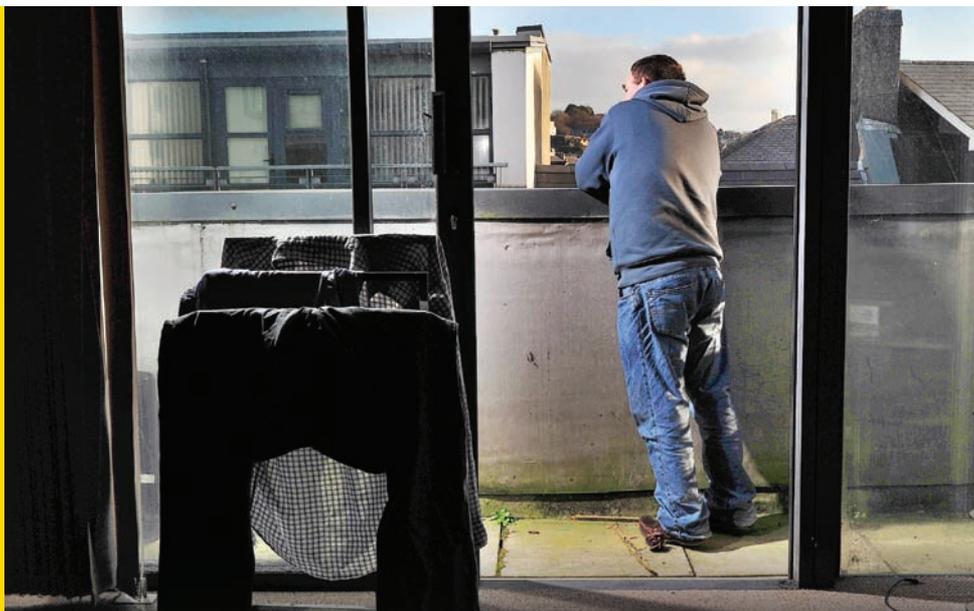
Focus Ireland welcomes indications from the Department of Social Protection that the Dublin Regional Homelessness Pilot on Rent Supplement is to be continued. While the first phase of this pilot demonstrated a number of administrative and

communication problems, Focus Ireland believes that it presents a practical mechanism for streamlining rent supplement decisions for people moving out of homelessness, without creating unwanted perverse incentive effects. As this 'pilot' essentially involves the constructive and reliable application of discretionary powers that exist in law and in practice, there is no good reason for the periodic discontinuation and uncertainty in this scheme.

Focus Ireland advice services around the country report that there has been an increasing tendency for CWOs to introduce more restrictive interpretations of Rent Supplement rules (e.g. applicants receiving only half of the deposit required for private rental). CWOs have commented that these restrictions are being introduced to ensure the scheme stays within budget. Supplementary Welfare Allowance is the state's minimum safety net; it is a demand-led scheme where payments should be determined exclusively on the basis of need. It is a serious departure from the legal basis of the scheme to introduce a process in which the needs of applicants are viewed through the lens of budgetary targets. It is our experience that such a viewpoint often results in decisions which result in significant medium-term costs which dwarf the short-term savings.

For full details of Focus Ireland's recommendations on rent supplement go to www.focusireland.ie

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