



Focus Ireland Pre-Budget Submission 2016

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Introduction

As one of Ireland's leading charities providing quality services, support and housing to people who are homeless – or at risk of losing their home – Focus Ireland has seen the devastating effects the economic crash has had on our society.

Ireland is working towards recovery but at the same time many of our most vulnerable citizens are in worse situations than ever.

Focus Ireland warned in our Pre-Budget Submission in 2012 that many families and single people were at a tipping point between home and homelessness. We warned there would be a crisis of family homelessness unless action was taken.

At this time 8 families a month were becoming homeless in Dublin. This has now rocketed, with an average of 67 families becoming homeless in Dublin alone every month this year.¹

Focus Ireland and other NGO's are working hard to cope with the growing homeless crisis. There is a lot of good work being done in partnership with the Government, departments, DRHE, DCC and Local Authorities around the country. This work aims to prevent people from becoming homeless in the first place and to support others while they are homeless.

Focus Ireland always acknowledges these positive collaborations. However, we must never shy

away from highlighting where and when more must be done. Budget 2016 has the power to stem the flow of families and single people becoming homeless every month. The situation is an emergency and the harsh truth is it will continue to get worse if action is not taken in the Budget to drastically cut the numbers becoming homeless.

Budget 2016 must include immediate action to ease the crisis

Ireland is currently experiencing a series of interlinked crises in the area of housing. There is an overall shortage of housing units, a particular shortage of affordable social housing, increasing private rents and a high level of unsustainable mortgage arrears.

For a variety of reasons, the residential building sector has not recovered its pre-crash development capacity. These crises have combined to force individuals and families into homelessness.

¹ Average January to July 2015

1 Accommodation Supply

The main reason for our current homelessness crisis is the lack of affordable housing. This critical shortage of affordable housing in our cities, most particularly in Dublin, is pushing people into homelessness. It also traps individuals and families in emergency accommodation as they can't secure housing to move on and escape homelessness. In order to address this crisis a number of policy changes have to be implemented by Government. These must include long-term strategies as well as immediate crisis interventions.

1.1 Facing up to the crisis: Provision of emergency accommodation

Sustainable solutions to homelessness require policies which prevent people losing their homes and provide affordable homes for people experiencing homelessness. However, it is also essential to have an emergency response to the crisis that individuals and families face while they are experiencing homelessness. It must be a foundation of Government policy that there are sufficient emergency beds for everyone who needs one. This emergency accommodation must also be appropriate, especially considering the rise in the numbers of children experiencing homelessness.

The Focus Ireland/Peter McVerry Trust Street Intake team has reported an increased number of people sleeping rough in Dublin and there are similar reports from Cork and other cities. An increasing number of families, who have been assessed as homeless, are unable to access emergency accommodation because of the Government's reliance on commercial hotels. Despite the efforts of the Dublin Regional Homeless Executive (DRHE), which constantly works

to extend provision and provides emergency accommodation for over 500 families every night, the joint street team verified 5 families sleeping rough in the month of July alone, with many more reporting that that they have done so.²

This is evidence of the unprecedented crisis in family homelessness, yet the Government is attempting to fund it from the current, already strained, annual homeless budget. Dublin City Council reports that it costs €3 million per annum to provide emergency accommodation for 50 families, so that the scale of this family homelessness crisis simply can't be met within existing resources and is resulting in a funding crisis throughout the homeless sector. Ministerial assertions that resources are not a problem are at odds with front-line experience, where resources are limited and funding is uncertain. Vital decisions about the safety of vulnerable children are being made with inadequate resources and the risk of harm coming to a child whose family is homeless is rising every day.

² <http://www.environ.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload%2C41508%2Cen.pdf>

PROPOSAL In line with the Government commitment to the wellbeing of children, as expressed in the Children's Rights Referendum and legislation, the provision of emergency accommodation to homeless families should be a 'demand led' scheme, and Budget 2016 should include a specific funding stream, separate from the annual homeless budget, to ensure that such accommodation is always provided.³

1.2 Private rental sector intervention

Due to the failure of successive Governments to invest in social housing, low income families in Ireland have become increasingly dependent on the private rental sector for the provision of affordable homes. The previous decade saw the private rental sector expand to account for 20% of all housing in the State. The sector is now experiencing a substantial contraction, which is having a significant effect on rental rates across the country. Many landlords (who may themselves be in arrears on their mortgage) are deciding to withdraw from the market, or are being repossessed by banks. These properties are frequently sold on to owner-occupiers and are thus removed from the rented housing stock. This is leading to a serious shortage of affordable rental accommodation options.

The decision of the Department of Social Protection to freeze Rent Supplement levels in 2013, coupled with inadequate social welfare rates more generally, means that families and individuals on low incomes are unable to compete with people in work who appear more attractive to landlords. While the rate of rent increases in Dublin has recently slowed down, rental inflation continues to plague those looking for accommodation. Focus Ireland acknowledges that the Government is

currently reviewing the private rented and social housing sectors, and there is a great need for substantial reform of the current policy framework. However, the problems we are facing on a nightly basis also require immediate steps to increase the number of properties for rent across the State. Significant progress in this direction can be made in Budget 2016.

One way in which the Department of Finance can influence the sector is by increasing the return on investment for potential landlords. The savings made through the reduction of the cost of emergency accommodation and the provision of other social services will balance the loss in revenue resulting from such tax initiatives. The tax relief which residential landlords can set against their rental income has been limited to 75% of the interest since the emergency budget of 2009. These are less favorable tax conditions than for investors in commercial property, and create a perverse incentive for investors considering entering the market and provoke existing ones to shift from providing homes to providing commercial property. More positive tax treatment of residential rental income could also reduce the tendency of creditors to evict sitting tenants when they take possession of a rental property.

PROPOSAL Budget 2016 should increase the tax relief allowed to residential landlords from 75% to equal the relief available to commercial landlords. This will help to increase the number of properties in the rental market. Additional reliefs should be introduced for landlords providing tenancies to households which are moving out of homelessness. This relief would be confined to the 3,000 households who are currently homeless.

³ The requirement to draw down this fund would, of course, be reduced by the success of the full range of Government homelessness prevention and housing measures.

1.3 Investment in social housing construction

Focus Ireland has welcomed the publication and implementation of the Government's Construction 2020⁴ strategy. The Housing Agency has estimated that the State needs to deliver at least 20,000 new homes each year in order to keep pace with rising demand.⁵ Greater overall supply will eventually trickle down to improve affordability for those on low incomes and those at risk of homelessness. However, given the scale of the crisis, this will take more time than we realistically have. As such, the development of State-provided social housing is crucial. The Government recognises this through its Social Housing Strategy 2020⁶ which will deliver 18,000 additional social rented homes by 2017, and a further 17,000 homes by 2020.⁷ These targets have been criticised as inadequate to meet social housing need. While there is some truth in

this, we believe that the real challenge will be to put in place the finance, planning and construction to meet the target which has already been set.

Focus Ireland recognises that the Housing Finance Agency (HFA) has recently responded to the needs of the Approved Housing Bodies (AHBs) by providing a long-term fixed rate financing product. However, a shift in the balance towards directly providing capital rather than quasi commercial loans would allow AHBs to progress development projects more rapidly. The 2016 Budget could increase the capacity to deliver these units by improving access to capital for AHBs. This should be achieved by a range of budgetary measures increasing the allocation to the Capital Acquisition Scheme (CAS) and a change of accountancy procedure to multi-annual budgeting.

⁴ <http://www.merrionstreet.ie/en/wp-content/uploads/2014/05/Construction-Strategy-14-May-20141.pdf>

⁵ National Statement of Housing Supply and Demand 2014 and Outlook for 2015–17

⁶ <http://www.environ.ie/en/PublicationsDocuments/FileDownload%2C39622%2Cen.pdf>

⁷ A further 75,000 social housing units will be provided through schemes such as HAP. However, these are unlikely to constitute an increase in overall housing supply, simply a transfer of units from the private rented to socially rented sectors

2 Social Protection

The social protection system is vitally important in ensuring those on low incomes or those experiencing financial stress remain in stable and safe accommodation. While the current Government has made the maintenance of the overall social protection system a priority, the same cannot be said for the elements of the social protection system which relate to providing a home. Focus Ireland believes there has been a failure to understand the importance of social protection in tackling homelessness. A coherent and well-funded social protection strategy which acknowledges its role in preventing homelessness would significantly improve matters.

2.1 Increasing rent supplement rates

Rent supplement has always played an integral role in assisting those who live in private rented accommodation and who need to maintain their homes during periods of unemployment or illness. The proportion of people living in private rented accommodation has increased from 10% to 20% over the last decade, thereby increasing the number of households for which rent supplement is an important safety net. The introduction of the Housing Assistance Payment (HAP) will mean that rent supplement will become less important for those seeking to exit homelessness. However, its role will remain central in the prevention of homelessness. In recent research undertaken by Focus Ireland, it was found that a significant number of respondent families were economically

homeless, having been unable to meet the cost of their housing.⁸

Current rent supplement rates were set in June 2013 and have not been reviewed since. As such, they fail to take into account the rent increases experienced across the country in the past two years. Individuals in receipt of rent supplement are forced to illegally 'top up' their rent in order to maintain their accommodation, thus further limiting their finances. The maximum rent payable under the Rent Supplement scheme should be in line with the median market rent. The Department of Social Protection implicitly acknowledges that the current rates are too low by relying on deciding officers' discretion to increase payments. While some element of discretion is essential, this cannot be used as a solution to systematic inadequacy.

PROPOSAL Current rent supplement rates should be immediately reviewed and increased, and the Government should commit to a transparent process for the review of the rates every 12 months.

⁸ <https://www.focusireland.ie/files/come%20back%20when%20youre%20homeless%20new%20presenters%20april%202015%20final3.pdf>

2.2 Strengthen Housing Assistance Payment

Housing Assistance Payment (HAP) was introduced under the Housing (Miscellaneous Provisions) Act 2014. It was designed as a payment to replace rent supplement for those with a long-term housing need who qualify for social housing support. It is currently being extended to all local authorities on a phased basis. The Social Housing Strategy envisages most long-term recipients of Rent Supplement moving to HAP over the next few years.

Through adopting the differential rent system, the HAP payment allows people to work while claiming support. However, in order for HAP to be an effective scheme and a meaningful improvement it should be separately administered and should not be funded by way of a transfer budget from the Department of Social Protection.

PROPOSAL An independent and transparent mechanism must be introduced to review HAP rates annually in order to ensure that the scheme reflects real rent levels and fulfills its purpose.

2.3 Increasing the basic rate of social welfare

While the routes into homelessness can be complex and involve a range of structural, social and personal factors, an individual's financial situation is one of the main pathways into homelessness. While the basic rate of social welfare for those over the age of 25 has been protected since 2011, it had been reduced in preceding budgets. These cuts were defended on the basis of the declining cost of living in the State at the time.⁹

However, since 2011, two welfare cuts, coupled with an increasing cost of living, have resulted in a considerable erosion of living standards for those reliant on social welfare payments. The chart on the

next page plots recent increases in CPI compared to stagnant social welfare rates. The cost of living has increased further with the introduction of additional charges such as the water charge. As such, families and individuals relying on social welfare are living below the poverty line. If social welfare rates do not keep pace with rising inflation we will see more people falling into consistent and pervasive poverty, with the resulting pressures on housing and homeless services. If a family can access a payment which enables them to live above the poverty line they are more likely to be healthy and economically and socially active.

PROPOSAL Focus Ireland believes that basic social welfare rates must be increased above the annual rate of inflation.

⁹ <http://politico.ie/politics/government-deceives-public-social-welfare-cuts>



Table 1: CPI (excl. Housing) (Base Dec 2006=100) and Basic Rate of Social Protection

2.4 Addressing social welfare rates of those under 26

Young people accessing emergency homeless services can find themselves trapped in homelessness due to the reduced rate of social welfare paid to people under the age of 26. While young people might be ready to move on from emergency accommodation, they find themselves unable to locate or sustain tenancies due to this gap in the social protection system. Over 570 people under the age of 25 were living in emergency homeless accommodation in July 2015. These young people are forced to survive on the limited social welfare payment, which was intended to deter young

people from becoming reliant on the State, while also attempting to move on from homelessness. Given the current rental market and the lack of available social housing, this is an almost impossible task.

The Government has stated a number of times that they intend to rectify this problem, but no solutions have been proffered, and rates were in fact again reduced in the 2014 budget. This policy lacuna also results in increased costs for the State, given the expense involved in providing emergency accommodation for young people unable to afford independent living arrangements.

PROPOSAL Budget 2016 should include a targeted budgetary provision to provide routes out of homelessness for these young people.

2.5 Children and young people – increasing funding to Tusla

Arising from the scandals in the past, Irish society has arrived at a broad consensus that the welfare of children must be among our highest priorities. In large part, Tusla has been given statutory responsibility for ensuring that this objective is achieved. While delivering this will depend on more than funding, it cannot be achieved without adequate funding. Tusla is making good progress within certain areas of its remit. Figures released in April 2015 show that 92% of children in care have an allocated social worker.¹⁰ While this figure could certainly be higher, there are areas which need significantly more investment in order to ensure effective service provision to all young people requiring assistance.

For example, data from the same figures shows that 28.1% of child protection and children in care cases were awaiting allocation. This is significant, particularly considering that families with children experiencing homelessness will make up this group. While addressing the Joint Oireachtas Committee on Health and Children, Mr. Gordon Jeyes, chief executive of Tusla, estimated that the agency required between 220 and 250 additional social workers.¹¹ Mr. Jeyes also stated that, in order for the agency to even ‘stand still’ a budgetary increase of €25 million would be necessary. However, ‘standing still’ is not an adequate position to remain in, considering that service gaps already exist. These will widen unless the Government invests the requisite resources.

PROPOSAL Budget 2016 should announce a four-year funding package for Tusla, bringing its funding to a level adequate to fulfil all its obligations by 2020. The funding package must take into account the additional resources which will be required when the Children First guidelines are placed on a statutory footing.

¹⁰ http://www.tusla.ie/uploads/content/Final_Version_Tusla_Management_Data_Report_April_2015_V_1.pdf

¹¹ <https://www.kildarestreet.com/committees/?id=2015-07-17a.7>

3 Homeless Services

Solving the homelessness crisis cannot be achieved through the provision of social housing alone. While services specifically focused on helping people find housing are vital, people who are currently homeless, or who are at risk of becoming homeless, require additional support in order to deal with the situation they are facing and to help them secure and maintain settled accommodation. Most of these services are funded by the Department of Environment through the local authorities, but given the complex nature of the problem, a range of other Departments fund significant elements of homeless provision.

3.1 Ring-fence family emergency spending and maintain DOE (Section 10) and HSE (Social Inclusion) budget

As Ireland begins to witness the first signs of economic recovery, it is vital that the Government takes into account the impact years of austerity have had on the most vulnerable. For these individuals, the benefits of a slowly improving economy will take years to trickle down, if they ever do. Homeless organisations continue to see an increased demand for crisis and prevention services. These organisations have also felt the impact of austerity provisions and have seen staff numbers and wages cut. Funding for homeless organisations comes from three main sources: the Department of the Environment (through local authorities), the Health Service Executive, and public fundraising. Tusla (the Child and Family Agency) and youth services also provide important funding to some organisations working in these fields. All these funding sources have come under pressure in recent years, and with increasing demand for services, this looks set to continue.

The Government's Homeless Oversight Group recommended that there should be no cuts to funding for homeless services in order to achieve the 2016 target. With increasing numbers of people

becoming homeless, there is an unanswerable case for increased funding for these essential services. In every local authority area the budget for mainstream homeless services is being put under unsustainable pressure because of the necessity to provide homeless families with emergency accommodation in hotels and B&Bs. In the first six months of 2015, the DRHE spent €4.55 million on emergency accommodation, almost as much as the amount spent in the whole of 2014.¹²

The escalating spending on emergency accommodation for homeless families puts the entire funding of homeless services into permanent crisis, undermining the capacity to plan and respond effectively. In response to this, the funding for emergency accommodation for families should be established as a separate demand-led budget within the Department of Environment, drawn down by local authorities as required. The Section 10 budget should be kept at its 2015 level, with spending being directed towards services and interventions which will reduce the number of households becoming homeless, in particular advice and information services.

¹² IrishTimes 22nd July 2015

3.2 Investment in HSE homeless services

While the Department of the Environment has maintained funding levels in recent years, there have been significant cuts to funding allocations within the HSE. Health interventions are a vital aspect of homelessness prevention. A recent study conducted by the Partnership for Health Equity in Dublin and Limerick, found that 89% of respondents who were homeless had a diagnosed physical or mental health problem.¹³

While Focus Ireland believes that the answer to homelessness is a home, sometimes a home is not all that is required. Additional services can be just as crucial in keeping people in safe and secure accommodation. Given the importance of health-based interventions, Focus Ireland believes that funding must be provided in line with the demand experienced by front-line services, for example addiction or mental health services. Focus Ireland

further believes that investment should be made into community-based services, particularly in the area of mental health.¹⁴

The National Advisory Committee on Drugs has previously stated that service providers felt there were not enough beds available for treatment programmes, particularly given the increased needs of individuals who are homeless and the fact that residential programmes are the only feasible option as an absence of home and personal support systems makes out-patient treatments much more difficult.¹⁵ A report of the HSE working group on residential treatment and rehabilitation estimated that there was a deficit of 356.5 treatment beds in the State. Focus Ireland believes that increased funding for such services is an important aspect of a well-rounded healthcare system and will help to prevent homelessness.

¹³ <http://www.irishtimes.com/news/ireland/irish-news/disproportionate-levels-of-illness-and-addictionamong-homeless-people-1.1964372>

¹⁴ <http://www.drugs.ie/resourcesfiles/reports/3966-42381118.pdf>

¹⁵ <http://www.drugsandhousing.co.uk/druguseamongstthehomelesspopulationinireland.pdf>

Conclusion

Some Government commentary has framed the 2016 budget as the 'first post-austerity' budget. For thousands of people who are currently living in emergency homeless accommodation due to economic hardship, this perspective is very hard to understand. In reality, this budget lies at the cusp between the crash and (if economic conditions can be maintained) a new period of growth.

A large proportion of our population is still struggling to come to terms with the long-term impact of the recession, while others are newly prosperous and want to move on as quickly as possible. In striking a balance between the aspirations of these two groups, we believe the Government must give weight to ensuring that no-one is left behind. This is, of course, a matter of social justice and fairness, but it is also a matter of economic and social prudence. A return to tax cuts and tax breaks will fuel property prices and rents levels and return us to economic

boom. We now know how unstable the 'Celtic Tiger' boom actually was, a new boom which took place with tens of thousands in mortgage arrears and a chronic shortage of housing would be infinitely more unstable. Budget 2016 provides the Government an opportunity to leave a meaningful legacy, and by investing in key elements of our social infrastructure and in affordable housing, to plot out a path in which Ireland's future will not resemble the boom-and-bust of the past, but will be genuinely prosperous for all.

For more information about Focus Ireland and its work go to www.focusireland.ie

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