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Report of the Approved Housing Body Strategic Forum

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Executive Summary

The Approved Housing Body (AHB) Strategic Forum represents a collaborative initiative, established by the Department of Housing, Local Government and Heritage (DHLGH), to examine the critical role of AHBs in Ireland's housing system, identify what is working well (and must be protected), as well as challenges to the sector's performance, and recommend strategic reforms (with specific reference to the imminent requirement to support the 'scaling up' agenda). This report outlines the Forum's findings and provides a roadmap to strengthen and sustain the AHB sector, ensuring its continued contribution to addressing Ireland's housing needs.

Background and Impetus for Review

The establishment of the AHB Strategic Forum was prompted by a confluence of factors, including the ambitious Government targets to deliver more social and affordable housing, as well as the financial and operational challenges identified by the sector, and the broader housing system's evolution under *Housing for All*. The Forum aimed to articulate a clear vision for the AHB sector over the next decade, addressing structural, financial, and governance issues, while ensuring alignment with national housing objectives and also with Local Government Housing Strategies.

Approach and Process

The Forum employed a comprehensive, four-pillar approach to gather insights and develop its recommendations:

1. Workshops: A series of strategic discussions with stakeholders, including AHBs, Local Authorities, and funding bodies, to explore sectoral challenges and opportunities.
2. Consultations: Broader engagement through detailed submission from sector participants, capturing diverse perspectives and operational realities.

3. Housing Commission Analysis: In-depth review of relevant Housing Commission recommendations to align sectoral strategies with national housing policies.
4. Peer Jurisdiction Research: Comparative analysis of international housing systems to identify best practices and adaptable solutions for Ireland.

Structure of the Report

This report is structured to guide the reader through the following:

- Chapters 1-3: Contextual overview, including the AHB sector's evolution, regulatory framework, and its central role in housing delivery.
- Chapter 4: Examination of the sector's financial models, and a focus on the sustainability of the sector.
- Chapter 5: Integration of Housing Commission insights to inform strategic direction.
- Chapter 6: Overview of the AHB Strategic Forum, the work undertaken, the processes and structure of engagements with the sector.
- Chapter 7: Detailed recommendations, categorised into immediate actions, medium-term reforms, and long-term systemic changes.

Key Insights

1. **AHBs' Role and Achievements:** AHBs have consistently been pivotal in delivering housing for vulnerable populations, supporting State housing strategies, and addressing acute housing needs. Their contribution accounts for a significant share of Ireland's social and affordable housing delivery under *Housing for All*.
2. **Sectoral Challenges:** Persistent issues raised by the sector include financial sustainability, regulatory complexity, governance capacity, and alignment with broader housing system reforms. The sector further views that Eurostat's classification of many large AHBs as 'on-balance sheet' entities is further constraining their operational flexibility.
3. **Emerging Risks:** The sector has identified risks such as deferred maintenance of older housing stock, funding gaps for Care & Support housing, and concentration risk in delivery capacity.

The Forum provided an opportunity to discuss the nature and extent of these issues, the insights from which have informed the recommendations and next steps.

The Forum's Achievements

The collaborative process ensured that the recommendations of this report are informed by practical insights, international best practices, and the lived realities of those operating within the sector.

Key achievements include:

- **Clarifying the Role of AHBs:** The Forum has enabled the formulation of a clear vision for the sector, distinguishing the roles of large AHBs and smaller or specialist AHBs in delivering targeted housing solutions.
- **Identifying immediate next steps towards policy formulation:** The Forum has highlighted the key information and data gaps that must be urgently addressed in order to support comprehensive policy development proposals to be advanced, with the ultimate aim of enabling the sector and dealing with the challenges that impede its optimal performance.
- **Developing a Reform Roadmap:** A phased approach has been designed to address financial sustainability, governance, and capacity building while fostering innovation and efficiency.



Recommendations

The report presents a phased reform programme to address immediate sectoral challenges and lay the foundation for sustainable, long-term transformation.

The following recommendations provide a comprehensive roadmap for strengthening and reforming the AHB sector. Each recommendation includes a set of specific actions, recognising that many initiatives are interdependent and cut across multiple recommendations to address the sector's challenges holistically.

1. Reorientation of the AHB Sector to Ensure Alignment with more directive National and Local Housing Strategies and Delivery Plans

This recommendation proposes a transition to a more prescriptive approach where the DHLGH, in conjunction with the LAs, issues detailed 'Calls for Proposals' based on more prescriptive national and Local Housing Strategies. These calls would define the specific typology, tenure mix, delivery methods including Modern Methods of Construction (MMC), cost parameters, and locations, thereby ensuring that AHB delivery is more strategically aligned to public housing needs, particularly for vulnerable groups. This approach would streamline approvals, enhance value for money, and drive organisational changes across the sector, supporting AHBs to move towards greater direct delivery (over turnkey), increased use of MMC and increased collaboration to ensure the housing needs of vulnerable groups are met. Furthermore, it would assist those larger and growth-oriented AHBs that aspire to reclassification by promoting a greater diversification of income through cost-rental models, enabling them to invest counter-cyclically and reduce reliance on State funding, thereby strengthening sector sustainability and delivery impact.

2. Initiate a Policy review to examine the potential for a reformed Income Model for AHB Social Housing

This recommendation proposes a comprehensive review of income models for AHBs, aiming to address cost-recovery gaps and ensure long-term housing quality. Building on post-Forum data gathering, it emphasises developing clear lifecycle benchmarks, and exploring more equitable rent

formulas that account for factors such as energy efficiency, dwelling adequacy, and changes in tenant financial means. It also highlights the need for improved oversight and funding frameworks—potentially linked to mergers or collaborations among smaller AHBs—to ensure greater operational efficiency and resilience.

3. Establishing a Revolving Funding Model for Social and Affordable AHB Housing

A range of policy interventions that enshrine a principle of 'revolving funding' will ensure the housing system reaches a point in the decade(s) ahead that it will be able to self-sustain (and as a result, the considerable reliance on State capital subsidies will have dissipated). They will ensure all capital and income allocated to social and affordable housing is reinvested within the sector.

4. Establishment of an AHB Restructuring Body and Sector Sustainability Fund

To maximise sectoral efficiency and delivery capacity, while addressing continuity risks, this recommendation proposes an AHB Restructuring Body and a National AHB Sector Sustainability Fund (NAHBSF). These mechanisms will enable strategic mergers, address legacy maintenance issues, and support sectoral restructuring to improve delivery capacity and resilience.

5. Enhancing Governance and Oversight for a Resilient and Accountable AHB Sector

Enhanced governance frameworks, including strengthened regulator organisational capabilities and powers, cross-regulator collaboration and support for AHB boards, are central to this recommendation. It will support LA oversight, tenant representation on boards, and evolving funding due diligence and risk oversight as funding to the sector grows in both scale and risk profile (i.e. direct delivery).

6. Capital Funding Reforms to support more sustainable growth for Large AHBs (gearing, direct delivery and reclassification)

The recommendation seeks to support large AHBs to achieve a range of positive outcomes. It will support AHBs to overcome gearing constraints impeding growth and transition towards a greater percentage of direct delivery (over turnkey), as well as greater autonomy and financial sustainability. This recommendation also presents potential reforms to CALF and CREL funding models, increased access to private capital, and construction-specific funding solutions. Furthermore, it will assist some AHBs to reduce reliance on State funding and support a transition to diversified financing models for those AHBs with the ambition and potential to achieve reclassification and invest in counter-cyclical housing delivery.

7. Establishing a Green Deal for AHBs to achieve Climate resilience

A Green Deal for AHBs will prioritise retrofitting and sustainability initiatives through support for a sector-wide co-operative model. Furthermore, inspired by international best practices, this recommendation includes assessing the potential for increased SEAI grant contributions and better utilisation of existing (surplus) capital to address legacy maintenance deficits and improve energy efficiency.

8. Establishing a Cross-Departmental/Agency Working Group to address Financial and Administrative Barriers for Care & Support AHBs

A cross-departmental working group will address gaps in funding and the need for greater administrative alignment between housing and care services. This recommendation aims to ensure sustainable housing delivery for vulnerable groups through coordinated funding and operational support.

Conclusion

This report underscores the urgency of prioritising and resourcing detailed policy development to support these recommendations. The challenges facing the AHB sector are multifaceted, interconnected, and pressing. Without intervention, risks to housing stock, financial sustainability, and operational capacity may undermine the sector's ability to continue to help meet Ireland's housing needs.

The AHB sector is a key delivery partner for Ireland's housing strategy. Its sustainability and effectiveness is critical not only to meeting housing targets, but also to ensuring that the most vulnerable in society have access to secure, high-quality homes. This report is a blueprint for action as well as a reaffirmation of the State's commitment to supporting the sector. Implementing these recommendations would secure a resilient, sustainable, and effective AHB sector capable of delivering, now and into the future.



1

Context for the
establishment
of the AHB
Strategic Forum

Chapter 1:

Context for the establishment of the AHB Strategic Forum

The *Housing for All* Action Plan Update (November, 2023) committed the Department of Housing, Local Government and Heritage (DHLGH) to undertake a strategic review of the AHB sector.

The impetus for an AHB Strategic Review was in part driven by the common objective to determine the future role the sector should play (vis-à-vis other delivery partners) in response to the evolving housing need in Ireland and to identify how the sector could be further enabled to fulfil that role. As the demand for social and affordable housing continues to rise, the AHB sector has found itself playing an increasingly central role in addressing these challenges, especially for some of the most vulnerable groups in the State.

However, the role AHBs have been playing in recent years significantly parallels with the roles of other delivery partners, including LAs and the Land Development Agency (LDA), both of which are also involved in social and affordable housing delivery and management. It has also long been recognised that the sector faces a range of structural issues that, if unresolved, may impede its long-term sustainability and ability to continue to play a vital role in the alleviation of housing need in the State.

Therefore, at the end of 2023, in response to issues previously identified through submissions, stakeholder engagements, and correspondence, and in advance of the anticipated publication of the Report of the Housing Commission, it was considered timely to establish an AHB Strategic Review.

An AHB Strategic Forum was established in December 2023 as the first phase of the review process. The Forum was mandated to consult a broad range of sectoral and stakeholder perspectives in order to envisage the role the sector should play in the housing system (10yr+ time horizon), and to identify barriers to, and opportunities for, realising its potential.

Membership and Scope of the AHB Strategic Forum

Membership of the Forum included representatives from the AHB sector, the Housing Agency, the Housing Finance Agency (HFA), City and County Management Association's Housing Building and Land Use Committee, and relevant officials from DHLGH.

Scope and Themes

1. **Strategic Vision:** The long-term role and purpose of AHBs in the national housing system, how the sector should be structured, and matters such as how governance of the sector should evolve.
2. **Asset and Tenancy Management:** Ensuring that housing stock is well-managed and financially sustainable, and that tenants' needs are at the heart of AHB strategies and activities.
3. **Delivery:** Improving the capacity and efficiency of AHBs in delivering the types of dwellings we need, where they are needed.
4. **Financial Viability:** Ensuring the future financing of the sector is sustainable for the sector as well as the State, and supporting the sector to deliver its refreshed mandate.

Furthermore, the Forum agreed a four pillar process that would maximise participation and the gathering of a broad range of perspectives, inputting into the vision and recommendations that would emerge from this process.

Chapter 6 details the AHB Strategic Forum process, and the insights and outcomes from each stage of that process that led to the recommendations in this report.



2

Background of the Approved Housing Body Sector

Chapter 2:

Background of the Approved Housing Body Sector

2.1 History of the AHB Sector

The AHB sector has a long-standing tradition of providing housing for low-income and vulnerable populations. Emerging in the mid-20th century, the sector initially comprised charitable and voluntary organisations focused on delivering housing for marginalised groups such as the homeless, older people, and disabled persons. These organisations, often rooted in religious or charitable missions, aimed to complement State housing efforts by addressing specific community needs.

The establishment of formal State-backed schemes, such as the Capital Assistance Scheme (CAS) in 1984 and the Capital Loan and Subsidy Scheme (CLSS) in 1991, significantly enhanced the role of AHBs in housing delivery. CAS was established to provide capital funding to AHBs to meet the cost of constructing and acquiring units of accommodation for priority categories of housing need, while CLSS allowed housing bodies to borrow from LAs to build homes. This marked the beginning of a more structured relationship between AHBs and the State, positioning the former as central actors in the social housing landscape.

2.2 Key Functions and Objectives

AHBs are typically non-profit organisations that are primarily focused on delivering social and affordable housing. They are governed by boards of directors and must adhere to statutory regulations, including oversight by the Approved Housing Bodies Regulatory Authority (AHBRA), Charities Regulator, and the Residential Tenancies Board (RTB).

The primary functions of AHBs are:

- **Social Housing Provision:** AHBs provide homes for low-income households, elderly people, individuals with disabilities, and those experiencing homelessness or at risk of homelessness. The majority of AHB social

homes are allocated by LAs based on need, with rents typically calculated on a differential rent system (linked to tenant income).

- **Affordable Housing Initiatives:** A limited number of AHBs participate in affordable housing schemes, offering homes for rent at below-market prices to middle-income households who do not qualify for social housing but are unable to afford to buy or rent at market prices.
- **Specialist/Supported Housing:** In addition to general housing, a number of AHBs are also devoted to other social and charitable purposes, provide Care & Support services alongside the specialist housing they deliver/manage for vulnerable groups, including people with disabilities, older persons, refugees, and those recovering from addiction.
- **Community Services:** AHBs are embedded in many local communities and provide additional services and facilities that help build strong, inclusive and thriving communities. This can involve providing additional services, such as community centres, childcare, education and employment support, and tenant participation programmes.

2.3 Current Sector Dimensions

As of end 2024, there were 437 registered AHBs in Ireland.^a The sector is highly heterogeneous and is characterised by a large number of very small organisations, and a small number of very large organisations with a significant portion of the housing stock concentrated among the latter.

AHBRA's third sectoral analysis report suggests, as of September 2024, AHBs were responsible for managing and maintaining approximately 68,000 social and affordable housing units, with a significant share of this stock dedicated to social housing for low-income households. Some 380

a. <https://www.ahbregulator.ie/registration/the-register/>

registered AHBs responded to AHBRA as part of the Annual Monitoring Programme.

The diversity and complexity of the AHB sector is highlighted by the differences in size, growth ambitions, debt profiles, income profiles, staffing levels and focus on housing within organisations.

The sector comprises organisations primarily focused on housing, as well as those where housing provision is a minor element of their overall operations (e.g. where the primary focus is providing Care & Support services.)

The sector make-up has a high proportion of small organisations that are volunteer-led. Some of

these are active in developing new housing, others forecast little to no housing delivery growth and others again face continuity challenges in terms of adhering to regulatory standards (incl. management and board continuity).

AHB Categorisation is an important regulatory tool used by AHBRA, that facilitates a greater clarification of organisation types, and operational and funding models in the AHB sector. AHBRA groups AHBs into the following five categories based on their size, funding, and operational models. This grouping helps the Regulator bring proportionality to the sector (more on this in Chapter 3).

AHB Category	Categorisation	Number of AHBs
Micro	Less than 20 dwellings	132
Small	Between 20 and 100 dwellings	92
Medium	Between 100 and 1,000 dwellings	24
Large	1,000 dwellings or more	9
Care & Support	Less than 1,000 dwellings and one of the following criteria - More than 50% of the income comes from HSE and/or Tusla. More than 200 FTE employees. Income per dwelling is more than €20,000 No dwellings but has income	123
Grand Total		380

This table highlights the number of AHBs by each category of classification who responded to the AHBRA Sectoral Analysis 2024.

	Micro	Small	Medium	Large	C & S	Total
Owned	1076	2916	5668	36999	5895	52554
Leased	34	361	763	4291	688	6137
Managed	8	39	500	8035	463	9045
Total	1118	3316	6931	49325	7046	67736

This table captures the breakdown of owned, managed, and leased dwellings by each category of AHB as of September 2024 (AHBRA Sectoral Analysis 2024)

AHB Category	Number of AHBs	% AHBs	% Dwellings
Micro	131	35%	2%
Small	92	24%	5%
Medium	24	6%	10%
Large	9	2%	73%
Care & Support	124	33%	10%

This table captures the breakdown total dwellings by each category of AHB classification and % share of total (AHBRA Sectoral Analysis 2024)

	Micro	Small	Medium	Large	C & S	Total	%
CAS	674	1731	2493	4812	3307	13017	26%
CALF	5	83	1617	19722	144	21571	43%
CLSS	67	258	889	7663	44	8921	18%
CREL	0	3	0	822	0	825	2%
Out of Mortgage	255	595	221	1098	1229	3398	7%
Private Finance	56	120	9	203	134	522	1%
Other Owned	85	169	118	649	1044	2065	4%
Total	1142	2959	5347	34969	5902	50319	100%

This table captures the breakdown funding type by dwellings by each category of AHB classification and % share of total at year end 2023 (AHBRA Sectoral Analysis 2024)

The AHB sector plays an increasingly central role in delivering social housing under national housing strategies. In recent years, it has become a key partner in delivering social and affordable housing in the Government's *Housing for All* plan, which set out to deliver more than 300,000 new homes between 2022 and 2030, with a significant portion of social and affordable homes being provided by AHBs.

According to the AHBRA 2024 Sectoral Analysis, the delivery of housing by AHBs in recent years has grown substantially.

Moreover, the sector has indicated ambitions for growth in the years ahead, with a total forecasted increase of 22,358 dwellings over the subsequent three years.

The nine large AHBs dominate the growth landscape, with this cohort reporting 82% of total growth forecasted over the next three years.

As highlighted by AHBRA's analysis, this points to a level of concentration risk, with reliance on a small number of organisations to deliver new housing.

Delivery - Build

Year	LA Build	AHB Build	% AHB Delivery	New Build Total
2016	320	284	47%	604
2017	1,219	1,078	47%	2,297
2018	2,506	1,728	41%	4,234
2019	2,872	2,897	50%	5,769
2020	2,592	2,472	49%	5,064
2021	2,393	2,809	54%	5,202
2022	3,601	3,832	52%	7,433
2023	3,452	4,658	57%	8,110
2024	3957	3914	50%	7871

DHLGH – Social Housing Delivery 2016 - end Q4 2024

Build	2021	2022	2023	2024
Cluid	854	1,076	1,538	774
CHI	570	598	876	517
Respond	564	396	699	764
Tuath	565	1,276	816	739
Total	2,553	3,346	3,929	2794
% Total AHB Build	91%	87%	84%	71%

DHLGH – Social Housing Delivery 2016 - end Q4 2024

Delivery - Acquisition

Year	LA Acquisition	AHB Acquisition	% AHB Delivery	Acquisition Total
2016	1,397	547	28%	1,944
2017	1,454	759	34%	2,213
2018	1,533	1,059	41%	2,592
2019	1,905	847	31%	2,752
2020	833	481	37%	1,314
2021	872	390	31%	1,262
2022	625	326	34%	951
2023	1,332	497	27%	1,829
2024	1292	209	14%	1501

DHLGH – Social Housing Delivery 2016 - end Q4 2024

Cost Rental delivery since 2021 to Q4 2024

Delivery Partner/Stream	2021	2022	2023	2024	Total Delivery
Approved Housing Body	65	470	286	1,213	2,034
Land Development Agency	-	164	561	784	1,509
Local Authority	-	50	22	30	102
Cost Rental Tenant-in-Situ	-	-	97	120	217
Total Cost Rental Delivery by Year	65	684	966	2,147	3,862
Overall Cost Rental Delivery 2021-2024	3,862				

DHLGH – Social Housing Delivery 2016 - end Q4 2024

2.4 Financial Overview and Growth Projections of the Approved Housing Body Sector

Sector Size and Financial Position

As per the AHBRA Sectoral Analysis, **380 AHBs** (which made acceptable submissions as part of the Annual Monitoring Programme) are managing **67,736 dwellings** as of September 2024. The sector is financially significant, with **€1.95 billion in total income**, **€9.8 billion in fixed assets**, and **€8.6 billion in liabilities**.

Key Financial Metrics (September 2024)

- **Total Fixed Assets:** €9.8 billion, concentrated primarily in Large AHBs (€7.5 billion, 77% of sector assets).
- **Total Liabilities:** €8.6 billion, including:
 - €4.2 billion in long-term loan financing.
 - €1.9 billion in government capital grants.
 - the remaining liabilities included future CALF, CREL and other debt obligations.
- **Income Sources:**
 - 26% (€517 million) from housing-related income.
 - 69% (€1.35 billion) from non-housing activities, primarily care and support services.
- **Expenditure:** €1.7 billion, with 56% allocated to non-housing costs.

These figures highlight a **strong reliance on State support**, particularly in funding capital investment and operations.

Income vs. Expenditure

The AHB sector currently operates with a net financial surplus, as total income (€1.9 billion) exceeds total expenditure (€1.7 billion). However, this surplus is **not evenly distributed across AHBs**, with key disparities evident:

- **Large AHBs** generate **€491 million in income** but hold **77% of sector assets**, reflecting their scale and debt-driven growth.
- **Care & Support AHBs** account for **68% of sector income** (€1.3 billion) due to their reliance on **care and support services funding** rather than housing revenue.
- **Micro and Small AHBs** remain financially constrained, often reliant on volunteerism and limited housing stock.

The imbalance between housing revenue and housing expenditure poses long-term financial sustainability concerns, particularly in terms of **lifecycle maintenance funding**. This will be examined further in Chapter 4.

Growth Projections and Funding Mechanisms

At the time of AHBRA's survey (Sept 2024) the AHB sector had indicated aspirational expansion plans, with 22,358 new dwellings out to 2027. This growth is heavily concentrated in a small number of AHBs, particularly large AHBs, which account for 82% of all projected growth.

Funding Composition

- **Owned Dwellings Growth (93%)** – Most of the new units will be **directly owned** by AHBs.
- **Debt Financing Reliance** – 67% of new growth is funded through the Capital Advance Leasing Facility (CALF), raising **concerns about long-term debt sustainability**.
- **Concentration Risk** – Four Large AHBs are responsible for **67% of projected growth**, indicating **sectoral reliance on a limited number of high-debt entities**.

Challenges to Sustainable Growth

1. **Balance Sheet Pressures** – AHB's total debt liabilities are **€8.5 billion**, which could limit future borrowing capacity. The large AHBs typically grow via 100% debt finance through the CALF facility (explained in a later chapter) and some of these AHBs have indicated that 100% debt finance is unsustainable as their gearing ratios veer towards the 80% limit some boards are comfortable with.
2. **Operational Capacity** – Small and Medium AHBs struggle with limited staffing and financial resources to scale up housing delivery.
3. **Sectoral Fragmentation** – Despite financial pressures, there is **limited evidence of mergers or asset transfers**, preventing efficiency gains and better financial resilience.

Funding Risks and Financial Sustainability

While the sector continues to expand, heightened **financial risks** must be managed to ensure long-term viability.

Revenue Generation Gaps

- For some AHBs, Housing related income remains insufficient to cover long-term maintenance, **with many AHBs relying on cross subsidisation**.
- **Sinking fund contributions** vary significantly across AHBs, with potential shortfalls in lifecycle maintenance funding.

Regulatory Considerations

- AHBRA will continue monitoring financial risks to ensure AHBs maintain **financial viability and governance integrity**.
- AHBs must **demonstrate stress-testing capabilities**, improve risk management strategies, and ensure they **can sustain existing and future commitments**.

Table 1: Key Financial Metrics (2023/24)

Category	Amount (€ Billion)
Total Fixed Assets	€9.782 bn
Total Liabilities	€8.580 bn
Long-Term Loan Financing	€4.274 bn
Government Capital Grants	€1.881 bn
Housing-Related Income	€0.517 bn
Non-housing Income	€1.436 bn
Total Income	€1.953 bn
Total Expenditure	€1.742 bn

Table 2: Income vs. Expenditure Breakdown by AHB Type

AHB Category	Income (€ Million)	Expenditure (€ Million)	Surplus (€ Million)
Large AHBs	492	295	197
Care & Support AHBs	1,340	1,342	-2
Micro & Small AHBs	120	104	16

Table 3: Funding Composition and Risks

Category	Percentage of Growth Funding
Debt Financing	78%
State Grants	22%

2.5 Eurostat's On-Balance Sheet Classification (2017)

A significant development for the AHB sector in recent years was Eurostat's decision in 2017 to classify many of the largest AHBs as 'on-balance sheet' (i.e. classified as part of the government sector for the purposes of calculating the national debt). The classification means the financial activities of 51 AHBs are now considered part of the Irish general government sector. This decision was based on factors such as:

- The substantial role of, and reliance upon, government and State agency funding – both capital and 'current income' – for AHBs to run their operations, delivery and maintenance activities (through schemes like the Capital Advance Leasing Facility (CALF) and Payment & Availability (P&A) Agreement).
- Significant Government control over AHB operations, including rent-setting, tenant nominations, and capital funding.
- The non-market nature of AHB operations, where rents are set and capped based on income and government policies rather than market demand.

As AHB borrowings and activities are now recorded as part of the General Government Balance (GGB), contributing to the overall national debt, their capacity to raise private capital for social and affordable housing projects, although still an option, has become less financially advantageous to the State. Private finance options are typically unable to match the State backed interest rates via the HFA, becoming a more expensive option, and result in higher P&A payments needed to cover the debt costs (thus achieving poorer value for money for the State). Furthermore, even if private finance was able to match State-backed interest rates, the near full reliance AHBs have on State income (i.e. P&A) as the primary means to fund operations, maintain dwellings and repay debt (as opposed to tenant income, or income from other sources), means it is highly likely that the private finance will continue to be classified on the State's balance sheet (even if it replaced the HFA's lending in full).

Implications of the 'on-balance sheet' classification:

- **Funding Constraints:** The classification may limit the Government's ability to allocate more funding to AHBs for social housing in the future, as any additional spending could risk breaching EU fiscal targets. This could make it more difficult for AHBs to access the capital needed for new housing developments in a period of limited fiscal space. Furthermore, Government decisions relating to the funding of AHBs would also have due regard to the current expenditure commitments that would be required to underpin the P&A payments AHBs would need to support a major scaling-up of social housing delivery (and maintenance), regardless of the source of that capital.
- **Financial Independence:** AHBs, particularly the largest ones, remain financially dependent on the State, in terms of both capital funding and the income required to repay debt, maintain dwellings, and pay for their organisational running costs. Before AHBs could ever achieve reclassification (and become a conduit for counter-cyclical housing delivery), it is recognised that they would need to evolve their commercial models and risk appetites sufficiently to achieve greater autonomy and self-reliance.
- **Implications of the on-balance sheet classification and the pro-cyclical nature of Irish AHBs:** In other jurisdictions (e.g. Denmark, Netherlands), the Not-for-Profit Housing sector has reached a stage of greater self-reliance, whereby their income sources are sufficiently diversified and the profile of their corporate balance sheets are such that they are not classified as part of the government sector. Accordingly, AHB equivalent organisations in those jurisdictions can continue to invest counter-cyclically in public housing and retrofit programmes in a downturn (when the State may not be able to do so), as they are less reliant on the State from a capital or income perspective (with knock-on benefits for the retention of developer capacity in those countries, so that they can survive the recession period). AHBs can not currently play a similar 'counter-cyclical investment' role in the housing system.

The sector continues to call for reforms to allow some AHBs to gain sufficient autonomy to achieve off-balance sheet status. However, as the sector remains heavily reliant on the State for income subsidies to run operations, pay for cyclical maintenance and repay debt, the unwinding of the reclassification decision is highly complex, and the organisational reforms necessary to achieve such an objective may not be desirable to the boards of some AHBs. For those Irish AHBs that aspire to reclassification, the recommendations section of this report highlights some policy development reforms that can support this worthwhile objective.

2.6 Overview of Housing for All

Housing for All was the Government's national housing plan, launched in 2021, with the goal of delivering more than 300,000 new homes between 2022 and 2030. While this plan aimed to address the acute housing crisis through a broad range of measures, at the time of drafting this report, *Housing for All* is due to be updated by a successor national housing plan.

The plan focused on four key pathways:

1. **Supporting Homeownership and Increasing Affordability:** Supporting first-time buyers and middle-income households by increasing the supply of affordable homes.
2. **Addressing Long-Term Homelessness and Supporting Social Housing:** Aiming to provide long-term housing solutions for vulnerable and eligible populations and reduce reliance on emergency accommodation.
3. **Increasing New Housing Supply:** Encouraging both public and private sector involvement to boost housing construction nationwide.
4. **Improving Rental Sector Stability:** Addressing the imbalances in the rental market by promoting security and affordability for renters, while maintaining viability for landlords.

A core element of *Housing for All* was the substantial increase in the delivery of social and affordable housing. AHBs are recognised as critical partners in this effort, given their expertise and long-standing role in providing social housing for low-income and vulnerable populations.

2.7 AHBs as Key Stakeholders in Housing for All

Together with LAs and the LDA, AHBs were positioned at the heart of the delivery mechanism for social and affordable housing under *Housing for All*. Their role encompassed the development, acquisition, and management of housing for low income households, as well as contributing to specialist/supported needs housing for eligible and vulnerable groups.

Social Housing Delivery

Role of AHBs: Under *Housing for All*, AHBs played a key role in delivering social homes targeted under the plan. Through partnerships, LAs and government funding schemes, AHBs delivered homes for households on social housing waiting lists, addressing homelessness, and providing housing for special needs groups. In Dublin and Cork City, AHBs were tasked with delivering closer to 50% of social homes.

Affordable Housing Delivery

Affordable Rental Schemes: AHBs were also involved in developing affordable housing schemes, including cost rental programmes. Cost rental, which is designed to offer long-term, secure rental housing at below-market rates, has been a key element of AHB participation in affordable housing delivery.

Specialist and Supported Housing

Vulnerable Populations: AHBs have a long history of providing specialist/supported housing for vulnerable populations, including people with disabilities, older persons, refugees, and those recovering from addiction. Under *Housing for All* AHBs were tasked with continuing to deliver this type of housing, often with the support of government grants such as CAS.

Wraparound Services: In addition to housing, AHBs also deliver wraparound support services, including health, mental health, and social care, to ensure that tenants with additional needs are supported to live independently.

2.8 Updated National Housing Plan

When *Housing for All* was published it aimed to significantly improve Ireland's housing system by increasing the supply of diverse housing types.

It set out a vision for the housing system over the longer-term to achieve a steady supply of housing in the right locations, underpinned by economic, social and environmental sustainability.

The achievements since then include the addition of over 107,000 homes, of which 32,525 were completed in 2023 and 30,237 in 2024.

A number of recent developments have prompted the revision of housing need and have presented the opportunity to scale up the ambition and build on the successes of *Housing for All*.

1. **Population Growth:** Ireland has experienced rapid population growth in recent years. The population stood at 5.15m at the most recent Census in 2022, an increase of around 400,000 people over the previous (2016) census. The recently published ESRI population growth projections suggest that there could be around 5.7m people in Ireland by 2030 – this level had previously not been projected to materialise until 2040. In response to rapid population growth, the Government is bringing forward options to scale-up delivery to 60,000 new homes by 2030 to sustain high levels of delivery thereafter. This is significantly higher than the original targets.
2. **Economic Growth:** Ireland's economy is projected to grow and the housing strategy is aligned with maintaining long-term economic competitiveness.
3. **Planning and Development:** The revised *National Planning Framework (NPF)* sets out a high-level strategic plan for shaping the future growth and development of the country to 2040. It provides for approximately 50,000 additional houses per annum to 2040. The revised NPF is complemented by a major reform of the planning system (*Planning and Development Act 2024* was enacted in October 2024). This reform will transform the planning system in the coming years and support the delivery of vital housing and infrastructure projects, through a more streamlined and stable process.
4. **The Housing Commission:** The Housing Commission was established by Government in December 2021 to examine issues such as tenure, standards, sustainability, and quality-of-life issues in the provision of housing. It concluded its work in May 2024, providing the Government with a comprehensive set of recommendations and actions to be considered for the long-term development and sustainability of the housing system.



3

Governance, Oversight and Regulation of the AHB Sector

Chapter 3:

Governance, Oversight and Regulation of the AHB Sector

3.1 Introduction to the Approved Housing Bodies Regulatory Authority

AHBRA was formally established in 2021 under the Housing (Regulation of Approved Housing Bodies) Act 2019. Its creation marked a significant change in how AHBs are regulated, focusing on greater transparency, accountability, and financial sustainability in the sector.

AHBRA was established to secure a robust regulatory regime to oversee the management and governance of AHBs, particularly as the sector expanded in size and importance. The authority is tasked with providing an independent regulatory framework that ensures AHBs operate in a manner that is financially sustainable, properly governed, and capable of meeting their commitments to tenants and funders.

AHBRA aims to achieve the following strategic objectives:

- Reliable and efficient AHB Registration Framework
- Proportionate standards and compliance frameworks
- Transparent and consistent risk-based regulation
- Consistent and effective communication with stakeholders
- An agile, flexible and accountable organisation

3.2 Regulatory Standards Introduced by AHBRA

One of AHBRA's main functions is to establish and enforce regulatory standards for the AHB sector. These standards seek to enhance the operational efficiency of AHBs, ensure financial sustainability, and maintain high levels of tenant satisfaction.

The key regulatory areas under AHBRA's oversight include:

Governance

- **Board Oversight and Accountability:** AHBs must demonstrate strong governance structures, including clearly defined roles and responsibilities for board members and executive teams. The governance framework emphasises risk management, strategic planning, and adherence to ethical standards.
- **Transparency and Reporting:** AHBs are required to maintain transparency in their financial operations and governance. This includes submitting annual reports, audited financial statements, and detailed operational updates to AHBRA.

Financial Management

- **Sustainable Financing Models:** AHBRA requires AHBs to ensure that they are financially viable and have sustainable funding models in place. This involves maintaining adequate financial reserves, managing debts effectively, and demonstrating the ability to fund long-term capital investments.
- **Monitoring Financial Health:** AHBRA monitors the financial performance of AHBs, ensuring they meet statutory requirements and are able to fulfil their financial obligations to lenders, tenants, and government funders.

Property and Asset Management

- **Maintenance and Upkeep:** AHBRA assesses standards around property management, including the maintenance of housing stock, to ensure that homes are safe, energy-efficient, and comply with building regulations.
- **Long-Term Asset Planning:** AHBs are required to demonstrate they have long-term plans for maintaining and upgrading their housing assets. This includes establishing sinking funds and lifecycle maintenance plans to address aging properties.

Tenant Services

- **Tenant Rights and Protection:** AHBRA ensures that AHBs respect tenant rights and provide

high-quality housing and related services. This includes clear processes for dealing with tenant complaints and ensuring tenant safety.

- **Affordability and Accessibility:** AHBRA plays a role in overseeing how AHBs set and apply rents (within the boundaries of the relevant Differential or Economic Rent parameters), ensuring housing remains affordable for low-income households.

3.3 Governance of Approved Housing Bodies

The sector has a broad range of structures, all of which play a different role in ensuring appropriate governance, oversight and regulation. The board of each AHB is fundamentally accountable for the proper management of the organisation. The board must ensure the highest standards of corporate governance within the organisation, to recognise its fiduciary duty towards the organisation, and to act in a manner that ensures the organisation advances its constitution and purposes.

There are a number of other organisations that also have an oversight role with regard to AHBs. LAs, which enter contracts with AHBs, are responsible for, including but not limited to, ensuring the housing delivered by AHBs meets local need, the terms of the contracts are met, funding is spent as intended and the standards expected for social housing tenancies are maintained. Various State funding agencies provide an additional layer of AHB and housing project due diligence, alongside LAs and DHLGH, before overall funding is provided (for example, by the Housing Agency or the HFA). Where Care & Support services are also needed to underpin the housing scheme viability (e.g. specialist housing for tenants with disabilities), the relevant State agency (e.g. HSE, Tusla, Cuan, etc) will also have a role overseeing service related funding and quality of care.

Furthermore, AHBs must ensure they are able to comply with the standards as set out by AHBRA, and to co-operate with the Regulator should there be challenges regarding compliance. AHBRA has a number of statutory powers legislated for, to support the implementation of the standards, and

ensure appropriate action is taken where there are failings in corporate governance of AHBs.

3.4 Governance and Oversight issues raised in advance of the AHB Strategic Forum

Prior to establishing the AHB Strategic Forum, DHLGH received feedback from sector representatives through a series of engagements, submissions, and reports outlining governance and financial sustainability concerns.

Governance risks, as highlighted by stakeholders, included the need to evolve oversight mechanisms for the systemically critical large AHBs, addressing management and board continuity challenges, and greater support for AHBs to meet the evolving compliance requirements set by AHBRA and other regulators.

In the lead-up to the Forum, a range of governance, oversight, and regulatory matters were identified as priority discussion topics. These included:

- **Prohibited from compensating board members:** The boards of large AHBs face significant challenges attracting members with the expertise and competencies needed for effective governance. The vast majority of AHBs are registered charities and are prohibited from compensating board members, despite the increasingly complex fiscal, regulatory, and operational responsibilities involved.
- **Continuity challenges for smaller AHBs:** Smaller AHBs can find it difficult to retain or replace key personnel and manage administrative responsibilities effectively.
- **Evolving Regulator capacity and capability:** As the AHB sector grows in both scale and complexity, ensuring that regulatory bodies can match this growth with sufficient resources and expertise is essential for effective oversight.
- **Concentration risk:** Increasing reliance on a small number of large AHBs for sector growth poses potential risks, including operational vulnerability and systemic impact, should any single organisation experience significant financial or operational strain.

- **Financial sustainability:** The sector's dependence on State funding, combined with indicated financial constraints arising from income shortfalls vs maintenance and operational costs means it may be challenging for some AHBs to meet AHBRA's financial and asset management standards.
- **Evolving due diligence by funders:** Ensuring that oversight and monitoring from funders such as DHLGH, LAs, the HFA, and Housing Agency remain proportionate to the scale of funding extended is crucial for safeguarding public investment.
- **Ring-fencing of housing funds:** Particularly within Care & Support-focused organisations, the protection of housing funds for dedicated housing purposes is critical in the context of constrained resources.
- **Coordination among multiple regulators:** With AHBs (particularly those involved in providing Care & Support services, in addition to housing) subject to oversight from several regulatory bodies (including HIQA, the Charities Regulator, Tusla, the Office of Corporate Enforcement and others), streamlined coordination and clear guidelines are needed to reduce compliance complexity.
- **Local Authority responsibilities:** Defining and supporting the role of LAs in partnership with AHBs is essential to ensure alignment on –
 1. housing delivery targets,
 2. an accurate census of AHB funded dwellings and tenancies,
 3. cooperation on allocations (and related income streams), and
 4. oversight of AHB adherence to terms of funding contracts.

AHBRA has identified concentration risk and dwelling maintenance income shortfalls as critical areas to be addressed to mitigate risk and secure the sector's sustainability. Furthermore, most stakeholders would agree that concentration risk requires a balanced distribution of sectoral growth; (reducing dependence on a few large AHBs, while enabling greater diversification, where feasible), can enhance financial resilience and reduce reliance on State funds. Establishing and maintaining adequate sinking funds, ringfencing housing income within Care & Support organisations, and implementing comprehensive lifecycle maintenance planning, will further strengthen the sector's sustainability and operational stability in the years to come.

A photograph of two people in business attire reviewing financial documents on a table. One person's hand is pointing at a chart, while the other's hand rests on the table. A calculator is also visible. The image is overlaid with a teal gradient.

4

Current Financing of the AHB Sector

Chapter 4:

Financing of the Approved Housing Body Sector

The financing model of the AHB sector is central to its ability to deliver social and affordable housing nationwide. AHBs rely on a combination of State capital funding (loans, grants), State equity (in the case of cost rental), State income subsidies and tenant rental income, to develop, maintain and manage housing projects. This chapter provides an overview of the current financing structures in the AHB sector and examines how these mechanisms contribute to the delivery and sustainability of housing.

Overview of Capital Funding Schemes					
Scheme	Years Active	Capital Funding	Tenants	Tenant Rent and State Income Subsidy	Notes
Capital Assistance Scheme (CAS)	1984 - Present	Public - Up to 100% funding provided by way of a non-repayable loan from the LA sourced from annual voted capital budget.	At least 75%, and up to 100%, of tenants are identified by LA. Targeted at the provision of special needs housing; eligible tenants are elderly, homeless, or have disabilities.	AHB sets an 'Economic Rent' (essentially a cost-rent but that must have regard to tenant means). In practice, the rent charged to tenants is typically set by reference to the local Differential Rent Scheme. A top up payment from the State via a CAS-RAS payment up to a maximum of €60 per week is available.	1. The loans are non-repayable provided the accommodation continues to be let to eligible categories of persons, is adequately maintained, and continues to meet CAS conditions. 2. Funding conditions are secured by way of a mortgage charge on the homes for a period of 30 years. At the end of the mortgage term, the charge is removed leaving the AHB to decide how the homes will be utilised.
Capital Loan and Subsidy Scheme (CLSS)	1991 - 2011	Public - Up to 100% funding provided by way of a non-repayable loan from the LA which is sourced from LA borrowing from HFA. LA-HFA loan repaid by the Department from voted expenditure over 30 years.	LA identifies suitable tenants from local authority social housing waiting list.	Differential Rent and CLSS Management & Maintenance income subsidy. Management and maintenance allowance is provided annually to AHBs towards the upkeep of the dwellings. The allowance is a fixed amount per eligible dwelling, currently €543 p.a. in the larger urban areas and €436 p.a. in the rest of the country.	1. CLSS loans are non-repayable once the AHB complies with the terms and conditions of the CLSS. 2. Funding conditions are secured by way of a mortgage charge on the homes for a period of 30 years. At the end of the mortgage term, the charge is removed leaving the AHB to decide how the homes will be utilised.

Overview of Capital Funding Schemes (Continued)					
Scheme	Years Active	Capital Funding	Tenants	Tenant Rent and State Income Subsidy	Notes
Capital Advance Leasing Facility (CALF)	2011 - Present	Public and Private Long term loan. Up to 30% capital funding provided by the LA, sourced from voted capital budget; the remaining is sourced from the private sector or the HFA.	LA identifies suitable tenants from local authority social housing waiting list.	Differential Rent and P&A income subsidy. P&A agreement. LA commits to paying a monthly amount to the AHB over a period of up to 30 years in return for the AHB making the housing available to tenants from the social housing waiting list. The amount payable is determined as part of the funding assessment and is intended to provide a cost recovery income to the AHB, based on the information provided at the time of application and with index-linked changes applied periodically.	1. The 70% matching funding is typically provided by the HFA. 2. Income received from a P&A Agreement and the tenants' rent fund the repayment of private/HFA loans and pays a full cost recovery subsidy to the AHB to cover the AHB's costs, including reserving funds for component replacement .
Cost Rental Equity Loan Scheme (CREL)	2021 - Present	Public Funding to AHBs on a sliding scale basis of up to 55% of the total capital costs for the homes. The 55% CREL model incorporates a mix of a long-term loan along with a non-loan element: a State equity investment element (up to a maximum of 20% of capital costs). The balance of funding is funded through senior lenders, such as the HFA, in the form of a loan.	Random selection of eligible applicants by AHB, typically via lottery.	Cost rents are set to meet the repayment cost of borrowed capital funding and the projected management and maintenance of the properties modelled over a 40-year period.	1. This scheme is managed by the Housing Agency.

4.1 Funding Models

A series of funding mechanisms have been made available to AHBs since the 1980s. Over time, the funding architecture has evolved to allow AHBs move away from their original role of providing Care & Support housing to one of general needs social housing.

4.1.1 Capital Assistance Scheme (CAS)

CAS was introduced in 1984 to provide capital funding to AHBs to meet the cost of construction and purchase of homes for priority categories of housing need.

DHLGH provides monies to LAs towards the capital costs of projects. LAs lend these monies as a 20-30 year annuity mortgage loan to the AHB towards the approved costs it incurs in providing the dwellings. The scheme provides that repayments and interest charges due from the AHB may be fully waived, provided the AHB continues to comply with the terms and conditions of the scheme and the mortgage deed contract signed with the LA.

Some 20,000 units of accommodation have been delivered through CAS since 1984.

The rent charged to tenants is agreed between the AHB and the LA having regard to the tenants' ability to pay and the cost of managing and maintaining the properties, including setting aside a sinking fund for long-term refurbishment and replacement costs. Traditionally, where a tenant could not afford the 'economic rent' set by the AHB, they could apply to the Department of Employment Affairs and Social Protection for Rent Supplement to make up the difference between what that department determined the tenant could afford to pay and the AHB rent.

Currently, the balance of the rent payable is met by the LA through the Rental Accommodation Scheme (RAS), introduced in 2004, with the assessment of the tenant's contribution carried out by the LA.

There are 8,400 CAS RAS tenancies. This number is growing rapidly year-on-year, demonstrating the scale of ongoing State income subsidy support to AHBs on top of tenant economic rent contributions. In fact, the number of CAS RAS subsidies have now outstripped private RAS subsidies within the overall RAS.

Furthermore, with over 20,000 CAS funded dwellings, it is unclear if AHBs are maximising income entitlements from regular economic rent reviews (where tenants means have improved) or from CAS RAS subsidy entitlements through LAs, which can help bridge any cost vs income shortfall for CAS funded dwellings. The difference in CAS and CAS RAS tenancies results in part from decongregation policies over the last decade. (This difference may require further sectoral analysis as discussed on pages 63-64).

A maximum of €60 per week can be provided through RAS. As a result, the tenant rent plus RAS amount may fall short of the rent set by the AHB. This is more likely to arise in apartment developments where common areas require significant additional operational cost funding (particularly where lifts are present). The table below shows an example of the funding arrangements for a large AHB if using CAS funding based on two sample projects.

SAMPLE	Property Type	Operational & Maintenance Cost	Annual OMC Charge	Annual Tenant Rent	MAX CAS-RAS	Shortfall per homes per annum
	2-bed House	€5,296	€0	€2,190	€3,129	€23 Surplus
	2-bed Apartment	€5,296	€1,500	€2,190	€3,129	€1,477 Shortfall

The example assumes a tenant rent of €42 per week. Calculations will vary depending on the LA area and the tenant household circumstances.

Each AHB has its own cost base, and individual property types have their own features which may add to standard costs. The sample operational cost indicated above covers standard response maintenance, cyclical maintenance and planned maintenance or sinking fund reserve. AHB organisational costs (comprising of staff costs and corporate overheads) must be met through the income generated by the homes they rent. A cost income gap may arise if insufficient income is being collected (i.e. adequate rents not being collected), if

State subsidies are too low or if organisational costs are higher for specific reasons (or a combination of any of these factors). Each AHB's circumstances may be different and requires a bespoke assessment.

4.1.2 Capital Loan and Subsidy Scheme (CLSS)

CLSS was introduced in 1991 to provide capital funding to AHBs to meet the cost of constructing homes for renting to people on LA social housing waiting lists. The funding model involved the HFA providing loan finance to LAs to help AHBs deliver new homes, with this loan finance repaid over a 30 year period by the LA to the HFA. The LAs provided the loan finance to AHBs, provided they complied with the terms and conditions of the scheme.

Some 10,200 units of accommodation have been delivered through CLSS since 1991. However, following a review of the CLSS funding model, it was decided in 2009 to wind down the scheme. Consequently, the number of completions funded by this scheme has declined, and the scheme is now closed for new applications.

A management and maintenance allowance is provided annually to AHBs through the CLSS to support the upkeep of the dwellings (because the differential rent paid by the social tenant was insufficient to meet the lifecycle maintenance costs). Unlike LAs, AHBs do not receive any DHLGH capital funding for retrofitting or refurbishing and improving their rented stock. Accordingly, they rely on Differential rent income plus the management and maintenance allowance to ensure housing stock fit for purpose.

The allowance is a fixed €543 p.a. per eligible dwelling in the larger urban areas and €436 p.a. in the rest of the country. This amount has not changed since 2010. With approx. 10,000 units under the CLSS, there is approx. €5 million current spend annually through the scheme.

Based on an exercise carried out in 2024 by the Housing Agency, using a sample of operational costs for a typical large AHB, the following table shows the estimated shortfall in income for CLSS supported houses and apartments with a notional service charge of €1,500 applying to the apartments.

SAMPLE	Property Type	Operational & Maintenance Cost	Annual OMC Charge	Annual Tenant Rent	MAX CAS-RAS	Shortfall per homes per annum
	2-bed House	€5,296	€0	€2,190	€489	€2,617
	2-bed Apartment	€5,296	€1,500	€2,190	€489	€4,117

Again, each AHB has its own cost base, and individual property types may have specific features that add to standard costs. The sample operational cost indicated above covers standard response maintenance, cyclical maintenance and planned maintenance or sinking fund reserve. AHB organisational costs (comprising of staff costs and corporate overheads) must be met through the income generated by the homes they rent. A cost income gap may arise if insufficient income is being collected (i.e. adequate rents not being collected), if State subsidies are too low or if organisational costs are higher for specific reasons (or a combination of any of these factors). Each AHB's circumstances may be different and requires a bespoke assessment.

4.1.3 Capital Advance Leasing Facility (CALF)

CALF is one part of the primary funding mechanisms for AHBs today. Introduced in 2011, it provides AHBs with low-interest loans covering up to 30% of the capital cost of social housing developments. This facility is intended to bridge the capital funding gap between the full capital cost of a project and the amount available from lending institutions. Lending institution credit policies typically limit the loan amounts to less than 100% of the capital cost of a project.

The CALF loan is secured through contractual agreement with the LA and accrues 2% simple interest per annum. AHBs are not required to make repayments during the term of the loan, but the full outstanding must be repaid to the LA when the associated P&A agreement ends.

The second part of the funding arrangement is the income provided to AHBs under a P&A agreement.

Introduced in 2009 to allow AHBs to acquire or construct housing, the LA commits to paying a monthly amount to the AHB over a period of up to 30 years – in return the AHB makes the housing available to tenants from the social housing waiting list. The amount payable is determined through the funding assessment and is intended to provide a cost recovery income to the AHB (based on the information provided at the time of application and with index-linked changes applied periodically).

The CALF element was subsequently introduced due to loan-to-value lending restrictions from lending institutions. The expected income from the P&A agreement and tenant rent, provides the AHB with an income stream against which it can borrow from a lending institution (typically the HFA) to deliver the Social Housing Scheme. The amount the lending institution will lend based on this income stream will also factor in the need for the AHB to pay for operational costs and cyclical repairs over the loan term.

Combined P&A-CALF funding has allowed AHBs deliver housing at a larger scale by leveraging public as well as some private financing, while also providing the opportunity for the AHB to achieve full cost recovery on it's operations.

4.1.4 Cost Rental Equity Loan (CREL)

CREL allows AHBs to develop cost rental homes, with rents set at least 25% below market rates. It provides AHBs with low-interest, long-term loans to cover development costs, with the rental income used to repay the loan over time.

CREL loans can be up to 35% of the capital costs. A 20% State equity is also available, but the combined CREL/State equity cannot exceed 55% of the capital costs. The mix of CREL and equity is determined through the funding approval process (as recommended to DHLGH by The Housing Agency). The balance of the capital funding is sourced by the AHB as a commercial loan, typically provided by the HFA.

CREL loans are for a 40-year term, with simple rather than compound interest fixed at 1% for the loan term. The AHB is not obliged to make regular repayments on this loan, but the capital and interest must be repaid at the end of the 40-year term. Given its cost relative to other sources

of loan funding, and the opportunity to withhold payments, CREL reduces the financing costs of AHB projects and, accordingly, helps reduce the cost-covering rents charged to tenants. While AHBs may choose to invest their own equity in projects, it is anticipated that most of the remaining capital costs will be sourced primarily from long-term commercial debt funding. To this end, the HFA is making 40-year loans available to AHBs for CREL-approved projects, with competitive interest rates fixed for 30 years.

The rents for Cost Rental homes are calculated in so as to determine a rent level sufficient to cover all capital costs, including the additional costs of financing capital expenditure, as well as ongoing management and maintenance costs. It is current government policy to keep these costs as low as a possible by providing CREL loans at very competitive interest rates. Cost rents must be a minimum of 25% below the prevailing market rent at the outset. This approach avoids the need for ongoing State subvention, in contrast to the P&A agreements for social housing provided by AHBs under the CALF scheme. The rents for Cost Rental homes must cover all costs involved. Tenants in receipt of HAP are excluded from applying for Cost Rental properties, even for those eligible on income grounds and a cost-rental tenant cannot be in receipt of HAP for the first six months of the tenancy.

AHBs have delivered more than 2,034 homes to end Q4 2024, with capital support under CREL. These homes have been delivered by five AHBs: Tuath, Clúid, Respond, Oaklee and Circle.

There is a significant pipeline in place for future delivery, and DHLGH is working with the Housing Agency and AHBs to strengthen this pipeline further.

4.2 Financial Sustainability issues raised in advance of AHB Strategic Forum

Prior to the Forum, DHLGH received feedback from sector representatives through direct engagements, submissions, and reports outlining financial sustainability issues.

These representatives highlighted vulnerabilities related to dependence on State funding, the

limitations of existing funding models, and challenges in long-term financial planning, particularly for lifecycle maintenance costs.

A range of complex financial sustainability issues were identified as priority discussion topics. These included:

- Income Shortfalls vs. Lifecycle Maintenance Costs:** Some cohorts of AHBs within the sector suggest they have insufficient combined income from tenant and State income subsidy contributions (for the CAS and CLSS funded dwellings), meaning they can't meet the full lifecycle maintenance costs or their own operational costs. Some AHBs suggest this income shortfall is leading to deferred maintenance, with AHBs unable to meet AHBRA Regulatory Standards (Governance, Financial Management, Property & Asset Management and Tenant Services), and with insufficient resources to retrofit dwellings (e.g. to meet Climate obligations).
- Deferred Maintenance:** Delayed maintenance compounds costs over time and may result in higher 'catch-up' maintenance costs accruing compared to the cost of undertaking timely, planned maintenance (e.g. having to replace a roof rather than maintaining it well over time).
- Contingent Liabilities:** It is suggested the resulting effect on long-term deferred maintenance would be the emergence of contingent liabilities. These liabilities could limit the sector's ability to pursue mergers, restricting opportunities for consolidation and operational efficiency.
- Cross-Subsidisation Risks:** Several AHBs have stated that they utilise cash reserved to repay the CALF loan to repay immediate shortfalls in income relating to their CAS and CLSS funded dwellings, potentially storing up financial risks.
- Opportunity Cost and Governance Risks of cash balances in CALF and CREL:** Cash balance accumulation under CALF and CREL schemes creates significant opportunity costs, as these funds could be more actively used for sectoral growth or housing improvements.
- Gearing Constraints with P&A-CALF Debt Funding:** Some AHB boards have set an 80% gearing threshold, beyond which they may reassess additional borrowing and delivery activities. This gearing limit is at risk of being breached in the coming year(s) for several AHBs given the 100% debt financing model under P&A-CALF and may restrict growth capacity.
- Dependency on State Funding and Sector Classification:** The sector's reliance on State capital and income sources has contributed to the classification of AHBs as part of the government sector, which imposes fiscal constraints and potential policy limitations on the sector's capacity to grow.
- CAS-RAS:** With over 20,000 CAS-funded dwellings, but only 8,400 receiving CAS RAS subsidies, it is evident AHBs are not fully utilising existing tools to bridge cost income gaps. Undertaking economic rent reviews and ensuring appropriate uptake of CAS-RAS subsidies through LAs could provide a level of financial security and improve sustainability within the sector.
- Leakage of Funding and Asset Investment:** The risk of financial leakage remains, particularly when it is possible for the proceeds from unencumbered dwelling sales to be allocated to charitable purposes other than housing, or when housing income is diverted to Care & Support services, reducing funds available for core housing lifecycle maintenance needs.
- Sustainability of P&A Agreements:** From the State's perspective, the sustainability of P&A agreements must be kept under review, as tenant contributions are capped through differential rents, which restrict revenue and heighten the State's financial obligations under these agreements. Estimated 30-year projections highlighted that P&A liabilities for the State as at end of 2023 stood at more than €13bn.
- Vulnerable Group Care & Support Services and Housing:** Funding gaps are especially problematic for housing projects serving vulnerable populations, as these schemes often encounter funding shortfalls between a number of government departments and State agencies.



5

The Housing
Commission

Chapter 5:

The Housing Commission

The Housing Commission was established by the Irish Government to consider housing policy post-2023, conducting a comprehensive review of the country's housing policies and delivery mechanisms, and making proposals to address the serious challenges facing the housing system. Its mandate included examining the role of various stakeholders in delivering on national housing objectives, including LAs, the private sector, and AHBs, and particularly under *Housing for All*.

This chapter provides an overview of the Housing Commission's role, its analysis of the AHB sector, and its key recommendations for improving the sector's capacity to deliver social and affordable housing. A detailed breakdown of all of the Housing Commission's recommendations relating to the AHB Sector is included in the Appendices.

5.1 Overview of the Housing Commission

The Housing Commission was established to provide independent advice to the Government on how to tackle challenges in the housing system. Its primary objectives included:

- **Reviewing Existing Policies:** Conducting an in-depth analysis of existing housing policies and how effectively they have addressed the growing demand for social and affordable housing.
- **Making Long-Term Recommendations:** Making recommendations to support the strategic development of the housing system post-2030, focusing on increasing supply, improving affordability, and ensuring the sustainability of the housing stock.



- **Engaging with Stakeholders:** Consulting with a broad range of stakeholders, including LAs, AHBs, private developers, financial institutions, and civil society organisations, to gather insights on housing challenges and potential solutions.

5.2 Analysis of the AHB Sector

The Housing Commission's review of the AHB sector highlighted several key strengths and challenges that have shaped the sector's role in delivering social and affordable housing.

Strengths of the AHB Sector

- **Established Delivery Mechanism:** AHBs have become a well-established and efficient mechanism for delivering social housing. The sector has grown significantly over the past two decades and now manages over 67,000 social housing units.
- **Expertise in Specialist and Supported Housing:** AHBs have demonstrated expertise in delivering housing for vulnerable populations, such as people with disabilities, the elderly, and those experiencing homelessness. The Commission recognised the sector's ability to combine housing with wraparound support services, crucial for addressing complex housing needs.
- **Strong Partnerships with Local Authorities:** A collaborative relationship between AHBs and LAs is central to delivering social housing under various government schemes, including the P&A agreement and CALF.

Challenges Facing the Sector

- **Financial Sustainability:** Financial sustainability is a significant concern for AHBs. The reliance on government funding, coupled with constraints imposed by the on-balance sheet classification by Eurostat, limits the sector's ability to scale up operations and meet increasing housing demand. The Commission highlighted the need for new funding mechanisms that ensure long-term sustainability.
- **Maintenance of Existing Stock:** The Commission expressed concern over the maintenance backlog for older housing stock, particularly those developed under the CLSS. Many AHBs face difficulties in generating sufficient income from differential rents to cover ongoing maintenance and capital upgrades, which has led to deferred maintenance and declining housing quality in some cases.
- **Capacity Issues:** Smaller AHBs, in particular, were found to have capacity constraints in terms of governance, financial management, and regulatory compliance. The Housing Commission noted that while large AHBs are well-resourced and able to meet delivery targets, smaller AHBs may struggle to do so without additional support.



6

The AHB Strategic Forum

Chapter 6:

The AHB Strategic Forum was established in December 2023 to consult a broad range of stakeholder perspectives, envisage the role the sector should play in the Housing System (10yr+ time horizon), and identify the barriers to be overcome and opportunities to be pursued to realise this vision.

6.1 The AHB Strategic Forum – Approach and Process

A four Pillar process was designed to facilitate engagement and gather perspectives from as wide a variety of stakeholders as possible, including all categories of AHBs, LAs, policy leads from across DHLGH, as well as learning from international peer jurisdictions.

The four Pillars were:

- 1. Workshops Pillar:** Seven stakeholder workshops took place from January to June 2024, with more than 165 attendees. The workshops provided a platform to discuss each of the themes outlined in the Terms of Reference and to hear from AHBs' real experiences, challenges and successes.
- 2. Wider Consultation Pillar:** Informed by the outputs of the workshop phase, a wider consultation was undertaken in August and September. This enabled the Forum gather perspectives from AHBs that could not attend workshops, from LAs, State agencies and academics. In all, 32 detailed submissions were received.
- 3. Housing Commission Pillar:** Following the publication of the Report of the Housing Commission, DHLGH has been examining the Commission's recommendations, including those relating directly and indirectly to the AHB Sector. This assessment involved a number of fora arranged with members of the Housing Commission, allowing for more in-depth discussion and analysis of these recommendations.
- 4. Peer jurisdiction Research Pillar:** This work, initiated in April and concluded in October 2024, was also informed by themes and challenges emerging from the initial workshops. DHLGH commissioned work through Housing Europe to learn how other peer jurisdictions



(four chosen) have approached similar challenges, and to gain a greater understanding of the fundamental building blocks of their housing systems and the roles of housing associations within them.

Following the conclusion of the work of the Forum, the key insights were collated, validated and are reflected in the Recommendations section of this report.

In summary, the Forum has identified the policy priorities and sectoral reform that needs to be developed and actioned in the short, medium and long-term, so that the AHB Sector can continue to play a vital role in addressing the housing challenges in the decades ahead.

These emerging priorities or recommendations are considered alongside the new Programme for Government and the priority Housing Commission recommendations. This will ensure appropriate resourcing and structures are put in place to deliver on the unprecedented programme of change required to meet the challenges facing our housing system and achieve a step-change in delivery needed in the long-term and secure a more sustainable model for all delivery partners.

6.2 The AHB Forum – Process

The Forum was structured around an ambitious interlinked forward work plan that engaged the key stakeholders, including AHBs, LAs, DHLGH, and international housing experts. The Forum utilised a multi-phase approach, focusing on four streams: Workshops, Consultation, European Research, and Housing Commission Report analysis.

6.2.1 Workshops

A series of strategic workshops were hosted through 2024. They provided a platform for participants to debate sectoral issues and explore potential reforms.

1. Internal DHLGH Workshops (January-February 2024)

The Internal DHLGH Workshops, brought together a breadth of stakeholders from across the Department involved in policy, funding and delivery relating to the AHB Sector. These sessions served as foundational discussions to ensure all stakeholders in DHLGH shared an understanding of the sector's priorities and challenges. Participants explored governance frameworks, financial sustainability concerns, and the role of AHBs under *Housing for All*. The sessions were structured around strategic priorities, enabling each team to voice perspectives and contribute to a consolidated DHLGH approach.



Key Learnings/Outputs:

- Identified the priority areas to be addressed in the AHB Strategic Forum, particularly around delivery capacity, governance, funding structures, and regulatory alignment.
- Identified specific gaps in current approaches, as well as operational and strategic challenges.
- Established a framework to inform subsequent stakeholder workshops.

2. Vision and Principles Workshop (February 2024)

The Vision and Principles Workshop brought together a mix of AHB representatives, LAs, funding bodies, and sector stakeholders to co-design a long-term strategic vision for the AHB sector. It was conducted in an open, collaborative format that fostered in-depth discussion on the sector's potential and the guiding principles that should inform its evolution. There was a balanced representation of perspectives, with AHB leaders, policymakers, and funders contributing insights on sectoral priorities, challenges, and aspirations. Through facilitated dialogue, participants collectively defined a Statement of Strategy (SoS) and refined eight Guiding Principles that would guide the evolution of the sector over the next 10 years, setting a tone of collaboration and shared purpose for subsequent stages of the Strategic Forum's work.

Key Learnings/Outputs:

- Co-designed and enhanced the draft SoS and the eight Guiding Principles, providing a strategic foundation reflecting the sector's collective vision over the next 10 years.
- Established a collaborative framework for the Forum, fostering trust and buy-in among stakeholders for the Forum's objectives.
- Reinforced the importance of inclusivity and transparency in the way the Forum goes about its work, which set the tone for future workshops and encouraged active stakeholder engagement.

3. Strategic Theme Workshop (April 2024)

The Strategic Theme Workshop sought to envision the future structure of the AHB sector by 2035, focusing on potential paths for consolidation, collaboration, governance, and operational capacity. Participants explored various scenarios, considering the benefits and challenges associated with sectoral consolidation, improved inter-AHB collaboration, and strengthened governance practices. Discussions also examined the operational capacities required to scale housing delivery effectively and sustainably over the coming decade. This session afforded an opportunity to define ambitious yet achievable structural goals, which would shape the sector's strategic development roadmap.

Key Learnings/Outputs:

- Developed a shared understanding of the desired future structure of the AHB sector, emphasising the need for increased consolidation, collaboration, and resource sharing to achieve a wide range of common goals (capacity, efficiency, governance, etc.).
- Identified practical steps to enhance operational capacity and sector resilience.
- Established consensus on strategic themes that would guide sectoral growth toward 2035, ensuring future structures remain adaptable, sustainable, and aligned with national housing objectives.

4. Financial Enablement Workshops (May-June 2024)

These workshops were divided into three sessions, tailored to the distinct financing dimensions and funding structures of various AHB categories: (1) Large and Growth AHBs, (2) Medium, Small and Micro AHBs, and (3) Care & Support AHBs. Each session focused on financial strategies to support sectoral consolidation, increase delivery capacity, and improve asset management, with discussions adapted to address the unique financial contexts of each group.

i. Large and Growth AHBs

This session focused on addressing the financial challenges and opportunities specific to larger, growth-focused AHBs. The aspiration to achieve reclassification of large AHBs off the general government balance sheet involved brainstorming strategies whereby State funding (both capital and income) should be complemented with sufficient private capital and non State income sources to enable greater autonomy and a path to reclassification. The sessions also facilitated brainstorming potential solutions to address financial constraints to delivery (such as gearing) and AHBs' ability to adhere to regulatory standards (e.g. where dwellings are funded under legacy schemes).

Key Learnings/Outputs:

- This session and the financial modelling work that was undertaken by the DHLGH, ICSH and the Housing Agency to support the workshop (based on a scenario where a multi-decade investment is made to achieve a situation whereby 20% of total housing stock would be social and affordable dwellings), suggested that the current capital and income funding models underpinning delivery and maintenance of social and affordable housing by large AHBs, are incompatible with sustainable growth in delivery by this sector.
- It provided a platform to identify and brainstorm solutions to overcoming challenges with current and legacy funding structures, including:
 - » Need for a path away from a (near) full reliance on the State (for both capital and income) which is currently leading to the classification of AHB debt on the general government balance sheet.
 - » Financial impediments to scaling (or even maintaining) housing delivery capacity, including matters such as 100% debt funding leading to gearing ratio barriers.
 - » Concentration risk whereby a significant percentage of public housing ownership and debt is concentrated in a small number of large AHBs.



The Internal DHLGH Workshops, held between January and February 2024, focused on bringing together a breadth of stakeholders from across the Department that are involved in policy, funding and delivery functions that relate to the AHB Sector.

- » Challenges facing volunteer boards of AHBs in overseeing far more complex organisations of significant scale and financial complexity.
- » Heightened risks of leakage of funding from the social and affordable housing system, should AHBs sell unencumbered dwellings to meet future costs (e.g. legacy maintenance deficits of CAS/CLSS funded dwellings, costs of mergers and stock transfers in the event of an AHB failing, etc.).
- » The significant cash balances that are building up under P&A-CALF and CREL financing (major opportunity cost and treasury management risks for volunteer boards).
- » The legacy income deficits from CAS and CLSS funding schemes which is leading some AHBs to cross-subsidise from P&A income in order to meet financial, governance and asset management regulatory standards.
- » Evolving funding structures, risk appetite and organisational capabilities to enable some AHBs to adopt a construction-led delivery model, reducing reliance on 'turnkey' and bringing greater additionality to the State's delivery capacity.

ii. Medium, Small, and Micro AHBs

This session focused on the peculiar financial challenges peculiar to medium, small, and micro AHBs, especially those related to legacy funding streams, administrative burdens, and operational capacity. Attendees discussed strategies for financial resilience, such as pooling resources, the need for sectoral consolidation to achieve synergies, overcoming legacy funding scheme income, and cost pressures adhering to regulatory standards.

Participants highlighted the impact of rental income shortfalls on financial sustainability, suggesting a more flexible rent policy could benefit smaller AHBs struggling to cover operational and maintenance costs. Many medium, small and micro AHBs articulated a desire to shift from CAS grant funding (which is hindered by income shortfall vs lifecycle costs) towards a CALF funding model that provides a P&A income stream to facilitate a cost-recovery model of rent, yet stakeholders also acknowledged the risks of moving to a debt model and related changes to organisational competencies and procedures that would be required to manage growth via debt (as opposed to grant).

Key Learnings/Outputs:

- The legacy State subsidy income levels from CAS and CLSS funding schemes is considered a significant challenge for many of these AHBs meeting financial, governance, asset management and regulatory standards. A past reliance on volunteerism to maintain dwellings where an AHB has an income shortfall, cannot be sustained.
- Emphasised opportunities for mergers, resource-sharing and partnerships among small and micro AHBs to enhance financial resilience and operational stability.
- Debated the potential for a review of tenant rent contributions, to ensure, where a tenant's means allow, a greater contribution can be made towards the cost of maintaining the tenancy.

iii. Care and Support AHBs

Overview

The Care & Support AHB session focused on the financial needs of AHBs that provide housing together with support services for vulnerable

cohorts. Discussions addressed the particular challenges in dealing with multiple funding departments and agencies, making it difficult to secure funding that adequately covers both housing and care provision. Many of these challenged by gaps in funding arising from multiple separate funding streams, including from different departments, whereby delivery costs (sometimes involving higher specifications driven by regulatory standards, such as for tenants with additional needs) or maintenance costs are not met by the combination of capital and income contributions from the various government departments and agencies and tenant contribution. Several administrative barriers that are contributing to delivery timelines and costs being increased were also discussed.

AHBs learned from each other's financial models, including sharing examples where a greater economic rent and capital contribution may be possible from some supported housing cohorts with greater financial means (e.g. older persons who require supported housing but are above social housing income thresholds and have a higher asset/income financial profile).

Key Learnings/Outputs:

- Significant fragmentation in the Care & Support AHB Sector, with many small AHBs doing the same activity, leading to duplication of costs, lack of economies of scale, and a unified voice with which to coordinate/interface with multiple funding departments.
- Shortfalls in funding from parent department or agency capital and income subsidies, leading to dwelling delivery and maintenance barriers and challenges to meet regulatory standards of multiple regulators (e.g. AHBRA, HIQA, others).
- Emphasised the importance of ring-fencing funds for housing purposes, ensuring that resources dedicated to housing are not diverted to support services.
- Identified the urgent need for coordinated funding discussions between multiple government departments and agencies (e.g. DHLGH, Department of Health (DoH), HSE, and other agencies) to identify and bridge funding gaps, particularly for lifecycle maintenance and care-specific adaptations.

- Recognised the need for tailored financial planning models that account for the unique dual responsibilities of Care & Support AHBs, ensuring sustainable delivery of both housing and support services.
- Highlighted the need for a clarified rent review policy for economic rent structures, with smaller Care & Support AHBs requiring guidance effectively managing rent reviews, while maintaining positive tenant relationships.

6.2.2 Consultation

To facilitate broader participation in the Forum process, DHLGH consulted with and issued a survey to targeted groups, including those that did not attend the workshop phase of the AHB Strategic Forum.

Some 32 submissions were received from individuals, groups, academics, LAs and sectoral stakeholders. The consultation has provided critical insights and alternative perspectives on the functioning of the sector, as experienced by consultees. In many instances the respondents, describing their own circumstances, helped underscore the importance of many of these priority areas which require further examination.

Complementing the consultation process are other inputs which have informed this report. DHLGH has considered the experiences of public institutions, including government departments, the local government system, the Housing Agency and HFA, in their respective roles interacting with the AHB sector. DHLGH has also examined the growing body of Irish and international research in the area. As such, this review is grounded in the testimony of organisations and stakeholders, draws on findings produced by academia and by respected organisations, and is mindful of the State's experiences in recent years of responding to challenges across the housing domain.

6.2.3 European Research

DHLGH commissioned research by Housing Europe, via The Housing Agency, to examine how peer jurisdictions approach similar challenges with 'AHB- equivalent' organisations. The primary aim was to gain insight into best practices, innovative funding mechanisms, and governance models that could inform the development of a more sustainable and resilient AHB sector in Ireland. This international perspective was considered essential to understanding how other countries manage critical issues such as financial sustainability, regulatory compliance, and the integration of social and affordable housing with broader housing policy.



The selection of jurisdictions was guided by specific criteria, focusing on countries with well-established housing association sectors that have achieved measurable success in areas relevant to Ireland's housing goals. Peer jurisdictions were chosen based on their approaches to long-term financial planning, tenant protections, lifecycle maintenance funding, and cost-rental housing models. Additionally, countries that had demonstrated effective responses to governance and regulatory challenges were prioritised. The research aimed to identify actionable insights and adaptable strategies that could support the AHB sector in meeting its objectives under *Housing for All* or a successor plan. A high-level overview of the Research summary is included in the appendices, with key insights incorporated and referenced under each of the relevant recommendations in this report.

6.2.4 Analysis of the Report of the Housing Commission

A dedicated analysis of the Report of the Housing Commission was undertaken to consider the implications for the AHB sector. Following the publication of the report, DHLGH supported by the Housing Agency, commenced a comprehensive review of the Commission's recommendations, focusing inter alia on those with potential impact on the roles, responsibilities, and sustainability of AHBs. The goal was to assess how the Commission's insights could inform strategic adjustments within the AHB sector, ensuring alignment with national housing policies, and addressing both current and anticipated challenges. In undertaking this analysis, DHLGH met with former Commission members a number of times in August, September and October 2024 to dig deeper into the recommendations and actions, and develop a fuller understanding of the intent and implications.

Particular emphasis was placed on areas such as funding structures, governance improvements, and capacity-building measures, as well as on initiatives to enhance collaboration across housing delivery partners. This work pillar sought to leverage the Commission's extensive research and policy recommendations, providing the AHB Strategic Forum with a foundation for informed decision-making and targeted sectoral reform.



This review is grounded in the testimony of organisations and stakeholders, draws on findings produced by academia and by respected organisations, and is mindful of the State's experiences in recent years of responding to challenges across the housing domain.

6.3 Emerging Themes of the AHB Strategic Forum

Following the conclusion work of the Forum, the key insights were collated, validated and are reflected in the Recommendations section of this report.

In summary, the Forum identified potential policy priorities and sectoral reforms that could be developed and actioned in the short, medium and long-term, so AHB sector can continue to play a vital role in addressing the housing challenges in the decades ahead.

These emerging recommendations must be considered in tandem with the new Programme for Government and the priority Housing Commission recommendations, so appropriate resourcing and project structures are allocated to the unprecedented change programme arising, meet the challenges facing our housing system, achieve a step-change in delivery, and secure a more sustainable model for all delivery partners.



Recommendations for priority Policy Development and Sectoral Reform initiatives

Recommendations for priority Policy Development and Sectoral Reform initiatives

Vision for the Future of the Approved Housing Body Sector

A Strategic Vision for the AHB Sector

The AHB Strategic Forum was established to assess the AHB sector's current role and develop a roadmap for its future development. This process has articulated a clear vision for the sector over the next decade, ensuring that it remains a key component of the social and affordable housing system while evolving to meet new challenges.

The future AHB sector will be:

1. **Strategically Consolidated:** A more structured sector with fewer, stronger AHBs that are aligned with national housing policy priorities to maximise efficiency and impact. Furthermore, consolidated capabilities will ensure AHBs are managed and governed to the standards befitting the critical role they play in the housing system.
2. **Financially Sustainable:** While maintaining a central role in social housing delivery, the sector will operate within a sustainable financial framework that (in time) reduces reliance on State funding and incorporates diversified income sources.
3. **Capable of Delivering at Scale and for Specialised Needs:** The sector will be equipped to deliver both large-scale housing developments and targeted housing solutions for vulnerable groups.
4. **Shifting Towards a greater proportion of Direct Build Delivery:** Increasing emphasis on direct build as a primary delivery mechanism, reducing reliance on acquisitions and enhancing cost control, delivering dwelling specifications that better meet need, while ensuring housing quality, and increasing overall housing system capacity.
5. **Data-Driven and Evidence-Based:** Future housing delivery will be guided by robust data, informed by European and international best practices, and tailored to evolving demographic and economic needs.
6. **Collaborative and Integrated:** AHBs will work in close partnership with LAs, the LDA, DHLGH, Department of Children, Equality, Disability, Integration & Youth (DCEDIY), the DoH, the HSE, and private sector actors to ensure coordinated housing delivery and services.
7. **Committed to High Maintenance and Tenant Service Standards:** The sector will prioritise the long-term upkeep of social housing stock to ensure quality living conditions and high standards of tenancy management.
8. **Adopting Innovation in Construction:** AHBs will continue to embrace evolving construction methodologies and modern building technologies to enhance sustainability, cost efficiency, and delivery speed.

This vision will provide a strategic reference point for ongoing policy development and implementation, ensuring the sector continues to evolve in line with Ireland's housing needs and long-term affordability objectives.

Statement of Future Strategy

During the AHB Strategic Forum workshops, the AHB sector, DHLGH, and key stakeholders collaborated to co-design the following **Statement of Future Strategy**, outlining the guiding principles for the sector's evolution:

In the next 10 years we want to see an AHB Sector which is –

- Committed to its social purpose, steadfast in the continued alleviation of housing need and working with others to develop and manage sustainable and secure communities.
- Rationalised, responsive, smaller in number but with enhanced security and effectiveness against its mandate.
- Led, governed and administered to recognised and benchmarked high standards, committed

to the provision of high standard general, affordable, specialist and not for profit housing.

- Uniquely positioned, working proactively in partnership with other bodies such as DHLGH, LAs, LDA, DCEDIY, DoH, Department of Social Protection (DSP), the HSE and the private sector to deliver and maintain different tenures of quality housing and ensuring, where housing funding is extended, units remain available in perpetuity, where housing need and economic viability exists.
- Financially viable having achieved a position of self-sufficiency, sustainability and greater autonomy, with an ability to raise capital independently from a variety of sources.
- Focused on listening, responding and consistently meeting the ongoing needs of their tenants.

Eight Guiding Principles

The following Eight Guiding Principles will underpin the AHB sector's long-term strategic direction and policy framework:

- 1) Enhance the AHB sector support and delivery capacity (for both general scheme and specialist housing) so that AHB's can play a key role in meeting the social and specialist housing targets.
- 2) Espouse sector coherence so that the AHB sector is clear on:
 - a) the dwelling types/locations/quantities that are needed.
 - b) the delivery strategies (direct build, procured, acquired) and types of construction methodologies by which specific dwelling types and value for money are best achieved.
 - c) the role that is being asked of them (so that AHBs, LAs and the LDA complement rather than duplicate or compete).
 - d) optimum designs that are suitable for tenants needs and contribute to the communities' work.
- 3) Preserve affordability by keeping rents at a level that is both fair and affordable to the households they serve, and to the State (incl. post-mortgage) at social & cost rents in

perpetuity (where need prevails and it makes economic sense).

- 4) In line with its mandate, protect availability by committing to keep dwellings for social tenant nominations and affordable rent applicants where need prevails, but with the flexibility to alter dwelling tenure (e.g. from social to affordable) in circumstances where it is fair and makes sense.
- 5) Using different methodologies to deliver and sustain high dwelling quality using latest technology approaches, with maintenance and retro-fit to appropriate standards.
- 6) Ensure high tenancy management standards meet the needs of their tenants and enable thriving communities.
- 7) Enable and support the sector's move towards self-sufficiency so that it is appropriately sized, professionally run to the highest levels of governance standards, and funding and income streams can sustain ongoing delivery and maintenance on a sustainable basis (lessening the involvement of the State over time).
- 8) Enhanced standards of governance within the sector, so oversight and management competencies and rigour is appropriate to the sector's current and future size, its systemic role and each AHBs unique activities and scale.

This strategic vision (and the principles that underpin it) serves as a roadmap for the AHB sector's future evolution, positioning it as a more sustainable, efficient, and strategically aligned partner in the housing system. By fostering sectoral consolidation, improving financial sustainability, and embedding strong governance and service standards, AHBs will be better equipped to meet Ireland's growing housing needs.

This 10-year vision will act as a foundation for the policy recommendations that follow, ensuring that reforms are undertaken in a structured and coordinated manner that maximises the impact of the sector.

Recommendation 1

Reorientation of the AHB Sector to ensure alignment with more directive National and Local Housing Strategies and Delivery Plans

Objective

To reorient the AHB sector to ensure it aligns more effectively with more directive national and local housing objectives, delivering the types of housing needed in the right locations to maximise impact and value.

In support of this reorientation, a significant structural shift is warranted in how AHB-led delivery is initiated. The current process, whereby many AHBs independently propose schemes to LAs and then apply to the DHLGH for funding approval, should evolve into a State-led commissioning model. Under a future revised approach, the DHLGH and/or LAs, informed by national and local housing strategies, would issue 'Calls for Proposals' – detailed tenders that outline specific requirements for public housing in a specific area including specified tenure mix, typology, cost parameters, delivery method (including MMC), and location. This shift will ensure housing delivery proposals by AHBs are strategically aligned with the defined public need (including for vulnerable groups) and policy objectives, streamlining approvals, enhancing value for money, and ensuring responsiveness to identified national and local housing gaps. More directive strategies will also align AHB activity to common objectives, including increasing delivery capacity, reducing costs and reducing reliance on State funding (for those small number of AHBs that aspire to reclassification). Support 'large and growth AHBs' that have the potential to transition their models to achieve a larger percentage of direct delivery (over turnkey), and greater use of MMC so that the dwellings AHBs deliver meet specifications that LAs need and cost efficiency is maximised. Finally, those larger AHBs that aspire to reclassification should be supported in the diversification of their income (reducing State reliance and control) through a greater adoption of cost rental, allowing them to develop the potential

to invest counter-cyclically in non-market public housing.

Rationale

The AHB sector is a cornerstone of the housing delivery system, yet its impact can be enhanced by better aligning with defined national and local priorities. Current delivery is often driven by AHB-led initiatives, which may not always address specific regional or demographic housing needs. A more directive approach from the State and LAs, informed by more comprehensive and robust national and local housing objectives and targets, will optimise resources, reduce duplication, and create a more cohesive housing delivery system. AHBs that evolve their organisations so they can engage in direct delivery and 'pre-planning' construction partnerships, will be able to deliver housing specifications to LA needs and achieve cost efficiencies.

Furthermore, some large and growth-oriented AHBs possess the capacity to transition toward a greater proportion of their delivery coming from cost-rental tenure, diversifying funding streams and lessening dependency on State subsidies.* Such a shift, supported by strategic reforms, will not only improve sectoral financial sustainability but also create a pathway to meeting national housing goals more efficiently and establishing a route to reclassification.

Insights from the AHB Strategic Forum

1. National and Local Targets:

- The Housing Commission recommended aspiring towards a target of 20% of social and affordable rental housing. Making progress towards this would require robust Housing Delivery Action Plans with clear, detailed targets to drive AHB contributions.
- National and local housing strategies, and action plans that underpin their delivery, could be enhanced so that they are explicit around what is required of AHBs (in terms of a greater proportion of direct delivery and MMC use so that dwellings are delivered to the specifications required to meet local need and cost efficiencies are maximised).

* Further analysis will be required to assess the appropriateness of the current CREL funding scheme as the means by which certain large/growth oriented AHBs (with reclassification aspirations) would use to fund the scaling of cost rental delivery. The scale of current State support through CREL loans and equity stake (typically totalling 55% of scheme funding) may undermine the path to reclassification and may require consideration of alternative cost-rental funding mechanisms for those AHBs that aspire to reclassification.

2. Challenges and Opportunities:

- Financial modelling conducted during the Forum highlighted that reliance on State funding alone is unsustainable and risks escalating liabilities.
- Large AHBs, with the capacity to scale cost-rental delivery, can attract private capital and sufficiently diversify income sources, so that they can reduce State dependency with appropriate structural reforms.

3. International Comparisons:

- Research on jurisdictions, such as Flanders and the Netherlands, demonstrates the effectiveness of binding agreements and tripartite partnerships between LAs, housing providers, and community stakeholders in aligning housing strategies with local and national goals.

4. Specialist and Supported Housing:

- The need for 'specialist at scale' AHBs was emphasised, particularly for delivering housing for vulnerable populations. This requires collaboration and mergers between large AHBs and smaller Care & Support AHBs.

5. LA and AHB dialogue:

- Feedback highlighted the need for more structured communication and reinvigorated forums between LAs and AHBs to address fragmented activities, improve alignment, and streamline delivery.

Key Actions

1. Enhanced Local Authority Housing Strategies

- National housing strategies and related action plans should underpin objectives around increased delivery capacity (more direct delivery vs turnkey) and improved cost and viability objectives (incl. use of MMC and standardisation).
- LAs currently develop detailed, evidence-based housing strategies and delivery plans. They will seek to protect and strengthen the process that is working while ensuring the ambition of including specific targets for specialist and supported housing, cost-rental units, and general needs housing translates into robust housing action delivery plans.
- Ensure strategies are informed by robust consultation with AHBs, particularly Care

& Support AHBs, to address the needs of vulnerable populations.

- Align local housing objectives with overarching national objectives, such as those in the successor plan to *Housing for All*, to promote consistency and coordination.

2. Directive Delivery Targets

Examine a transition to a more prescriptive delivery programme, where DHLGH, in conjunction with the LAs, issues detailed 'Calls for Proposals' based on more prescriptive national and local housing strategies. These calls would define the specific typology, tenure mix, delivery methods (including MMC), cost parameters, and locations, thereby ensuring that AHB delivery is more strategically aligned to public housing needs, particularly for vulnerable groups.

3. Encouraging Cost-Rental Evolution

- Facilitate large AHBs to transition toward a greater percentage of cost-rental tenure to reduce reliance on State income subsidies and attract diversified capital sources, for those AHBs with the ambition and potential to achieve reclassification and invest in counter-cyclical housing delivery.
- Further analysis will be required to assess the appropriateness of the current CREL funding scheme as the means by which certain 'large and growth' oriented AHBs (with reclassification aspirations) fund the scaling of cost rental delivery. The scale of current State support through CREL loans and an equity stake (typically totalling 55% of scheme funding) may undermine the path to reclassification and require consideration of alternative cost-rental funding mechanisms for those AHBs that aspire to reclassification.

4. Sectoral Collaboration and Partnerships

- Foster consortium developments between large general-scheme AHBs and smaller Care & Support AHBs, ensuring housing solutions address both general needs and vulnerable groups.
- Support partnerships between LAs, AHBs, and other stakeholders to streamline tenant allocations, reduce duplication, and improve alignment with local and national housing objectives.

5. Leveraging Funding Models and Infrastructure

For those AHBs with the ambition and potential to achieve reclassification and invest in counter-cyclical housing delivery, consideration should be given to -

- exploring new funding mechanisms to encourage non-State capital investment in housing delivery, such as syndicated pools of patient capital*, State-backed guarantees (refer to Recommendation 6 in this report).
- Non-State funding, in tandem with large AHB transition to a greater cost-rental focus (and resultant diversification of income), may provide a path to reclassification.
- Increase the flexibility of CALF and CREL funding schemes to support evolving AHB roles, particularly in cost-rental delivery.
- Promote land acquisition and allocation for AHB development, retaining State ownership where feasible to ensure long-term housing use.

Actions and Implementation Phases

Immediate Actions (0-2 Years)

- Support and enhance LA-AHB forums to improve communication and develop local collaboration .
- Develop frameworks for a prescriptive delivery programme, where DHLGH, in conjunction with the LAs, issues detailed 'Calls for Proposals' based on more prescriptive national and local housing strategies. These calls would define the specific typology, tenure mix, delivery methods (including MMC), cost parameters, and locations, thereby ensuring that AHB delivery is more strategically aligned to public housing needs, particularly for vulnerable groups.
- Clarify balance sheet reclassification parameters to align sectoral ambitions with national priorities and objectives.

- Develop a framework for 'Specialist at Scale' AHBs and incentivise consortium developments to align with national and local housing objectives.
- Large AHB focus (and organisational capabilities) continue to transition towards direct delivery activity and greater use of MMC, aligned to national targets.

Measures with a Medium / longer term time horizon to impact (2yrs+)

- Strengthen LA capacity to manage land acquisition and allocation for AHB housing.
- Some Large AHBs will transition to a greater proportion of cost rental delivery, in tandem with initiatives to diversify towards private capital sources, for those AHBs with the ambition and potential to achieve reclassification and invest in counter-cyclical housing delivery.**

Expected Outcomes

1. Alignment with Housing Needs

- Delivery that meets national and local housing objectives, addressing the specific needs of vulnerable groups.

2. Increased Sectoral Impact

- Efficient resource allocation and collaboration will maximise the sector's housing delivery capacity.
- AHBs contribute an increase in overall national delivery capacity via transitioning away from turnkey and moving to greater proportions of direct delivery.
- AHBs play their part in driving greater housing cost viability through standardisation and adopting MMC.

* "Patient capital" refers to long-term investment that prioritises stability and sustainability over short-term financial returns. It is characterised by investors who are willing to forgo immediate profits in favour of modest, reliable returns accrued over an extended period. This type of capital is particularly suited to public and affordable housing investment, where predictable, steady income streams can support long-term financial viability

** Further analysis will be required to assess the appropriateness of the current CREL funding scheme as the means by which certain large/ growth oriented AHBs (with reclassification aspirations) would use to fund the scaling of cost rental delivery. The scale of current state support through CREL loans and equity stake (typically totalling 55% of scheme funding) may undermine the path to reclassification and may require consideration of alternative cost-rental funding mechanisms for those AHBs that aspire to reclassification.

3. Pathway to Sustainability

- Transition of some large AHBs toward a greater proportion of cost-rental delivery, creating a financially resilient and autonomous housing model, supporting their aspirations for reclassification, in turn enabling these AHBs to develop the potential for counter-cyclical investment in public housing.

4. Enhanced Governance and Oversight

- Improved collaboration and clear directives will strengthen accountability and ensure better alignment across stakeholders.

Reorienting the AHB sector to align with national and local priorities is essential to addressing the State's housing challenges. By fostering collaboration, introducing more detailed targets, and supporting a transition of larger AHB activity towards direct delivery, cost-rental and use of MMC, this recommendation provides a framework for the sector to play a key part in achieving a scaled, affordable, sustainable, and equitable housing system. This realignment ensures that AHBs remain central to national housing strategy, delivering for all communities.

Recommendation 2

Initiate a policy review to examine the potential for reformed income models for AHB social housing

This recommendation proposes the initiation of a reformed income model review that aims to assess ways of bridging any cost vs income gaps that may inhibit the long-term sustainability and retention of the AHB sector's social housing stock.

In tandem, such a review should also factor in related considerations such as the value placed on social dwelling adequacy (e.g. energy efficiency, access to space and services), and tenant contribution (where financial means or circumstances change).

Noting that most AHB tenants are charged a differential rent as set out in each LA scheme (32 different schemes), and the commitment under *Housing for All* to review the existing model, the Housing Commission and AHB Strategic Forum recommend timely consideration of a more sustainable financial model for social housing, by specifically setting rents at cost-recovery rates. The Housing Agency's analysis of the Housing Commission recommendation 47 (Cost Recovery Rent) will inform the feasibility of, and path to, implementing such a model, and potential implications for differential rent reform. In the meantime, pages 64-65 of this report highlight the need to gather critical data from the AHB sector to substantiate the scale of and reasons for the cost/income gaps of different AHB types.

The ultimate aim is to safeguard housing quality and retention through a sustainable income financing model, while fostering sectoral resilience, adherence to regulatory standards, and alignment with national housing objectives. A key element of this model is ensuring fairness across similar households, so that tenants with comparable financial means contribute equitably, regardless of landlord or scheme, supporting social equity and system-wide coherence.

Insights from the AHB Strategic Forum

Workshop discussions, backed by national and international research, highlighted several drivers for a reformed social housing income model:

1. Legacy Funding Challenges

Issue: Feedback from the sector suggests that a sizeable percentage of the circa 30,000 AHB units financed under CAS and CLSS lack sufficient income to meet lifecycle maintenance and retrofitting needs.

Implication: Volunteer-dependent maintenance in some AHBs demonstrates unsustainability, illustrating an urgent need for more robust, reliable funding mechanisms.

2. State Reliance and Regulatory Compliance

Observation: Most AHBs rely entirely on tenant rent and State subsidies for operational and maintenance costs.

Risk: Limited funding strains their ability to meet regulatory standards—including financial, asset management, and tenancy governance—set by AHBRA and other oversight bodies.

3. Growing Contingent Liabilities

Key Concerns:

- Escalating deferred maintenance costs becomes costlier over time.
- AHBs may need to sell unencumbered assets to fund the upkeep of older CAS and CLSS properties.
- Cross-subsidisation from CALF and CREL cash reserves may compromise CALF and CREL loan repayments and future maintenance of those dwellings.

Sectoral Impact: These liabilities could negatively impact the long-term viability and financial stability of some AHBs.

4. Rent Formula Limitations

Equity Gap: Tenants paying the same differential rents may not receive equivalent benefits—such as energy efficiency upgrades, access to mixed-tenure communities, or comparable housing standards—

and this inequity is further exacerbated by geographic variation, where tenants in different LAs or AHBs may contribute similar rent amounts but receive markedly different levels of service, amenity, or housing quality

Financial Effect: This rigidity in rent-setting contributes to inconsistent revenue streams and undermines AHBs' overall financial resilience.

5. National and European Benchmarking

Findings: A cost-recovery approach that balances tenant capacity and State subsidy with actual operational and lifecycle costs is typically a core pillar in AHB sustainability.

Forum Conclusion: Following the Housing Commission's guidance, a model that ensures cost recovery (within agreed parameters without rewarding moral hazard), could ensure adequate, long-term funding while minimising undue burdens on the State.

Key Actions

A phased approach is proposed to implement this recommendation effectively, with immediate, medium-term, and long-term actions targeting policy, financial, and structural reforms.

Establish the basis for a reformed income models

1. Immediate AHB income vs costs/liability Assessment

- Undertake an independent assessment of AHB costs (operational and maintenance costs), AHB income sources (and income potential) and any related capital and income shortfall requirements across representative AHBs, with a reference to the costs of adherence to regulatory standards.
- Use independent assessment findings to identify legacy contingent liabilities, and income vs cost shortfalls.
- Develop lifecycle cost benchmarks (30, 50, 100 years) for social housing assets, accounting for ongoing and future retrofitting obligations.
- Propose various options for bridging cost/income gaps and meeting contingent liabilities, incl. AHB income potential, tenant contributions, and ultimately estimate any level

of State support (capital and income subsidy) that may be needed to achieve a balanced, long-term funding approach that enables AHBs to operate to the required regulatory standards, while protecting the State's investment in social housing through AHBs.

2. Dedicated Funding and Oversight

- Following the design and approval of any new income funding scheme, consideration may be undertaken for a specialised unit (within DHGLH, the Housing Agency or LAs) responsible for assessing, and managing applications for any revised capital or operating subsidies.
- Ensure strict conditions for funding, linking additional financial support to AHB cost restraint, assurance on AHB/tenant income contribution, robust governance standards and ring-fenced sinking funds for social housing maintenance.

3. Phased Implementation of Cost-Recovery Principles

- Develop and implement a unified rent framework for AHBs that ensures equitable treatment of social housing tenants across both AHB and LA-managed properties. The framework should strike an appropriate balance between fair tenant contributions and State subsidies, while taking into account factors such as household means, dwelling quality, energy efficiency, and the real costs of maintenance and long-term asset sustainability. This will address inconsistencies in tenant experience and uphold the principle that similar contributions should yield comparable housing outcomes, regardless of landlord type.

4. Policy Alignment and Governance

- Condition any increased State subsidy for CAS and CLSS dwellings on demonstrable good governance, including potential mergers or collaborations among smaller AHBs to ensure operational best practice, resilience and cost efficiency.
- Incorporate lessons from national and international benchmarking to avoid moral hazard.

Recommendation 3

Establishing a Revolving Funding Model for Social and Affordable AHB Housing

To secure the long-term sustainability of the social and affordable housing system, a *Revolving Funding Model* should be introduced. Such a model would ensure all capital and income extended to support social and affordable rental housing is reinvested in the public housing sector in perpetuity.

It is recognised that the AHB sector has consistently affirmed its commitment to the long-term retention of publicly funded social housing stock, and that the sale or disposal of such assets is contrary to its ethos and social mission. Nonetheless, as part of good public policy and prudent stewardship of Exchequer resources, it is appropriate that contractual, fiscal, and legislative mechanisms are examined to protect and retain the value embedded in State-funded housing.

This model would mandate that proceeds from the sale or reallocation of such dwellings—where they do occur—are recycled into social or affordable housing provision. Reinforcing the principle that public investment in housing must remain within the sector, this approach would ensure housing stock funded by the State continues to serve public needs indefinitely. Furthermore, it will enable the housing system to reach a point (over a number of decades) whereby recycled funding (via loan repayments and unencumbered dwelling rent proceeds) will obviate the need for significant ongoing State capital and income funding in the sector (i.e. the revolving funding will ‘self-sustain’ the public housing system).

Insights from the AHB Strategic Forum

The Forum highlighted the need for a revolving funding model, reinforced by national policy aims and international best practices:

1. Housing Commission Recommendation

Key Emphasis: State funding should be continually recycled to maintain and expand social and affordable housing.

Forum Takeaway: Ensures AHB Housing Assets remain dedicated to social and affordable use, avoiding permanent loss of housing stock or leakage of loan repayments.

2. Gaps in Long-Term Use Protections

Current Contracts: CAS, CLSS, and CALF agreements do not include ‘in perpetuity’ clauses, and AHBs do not have reciprocal commitments from LAs to continue social housing allocations beyond the term of the mortgage. Furthermore, at the end of CALF, AHBs repay these loans (to LAs), yet there remains a risk that the proceeds of these repayments are not required to be recycled or reinvested for public housing purposes.

Risk Identified: Without robust clauses, some AHBs may decide in exceptional circumstances to rent or sell unencumbered properties at market rates, eroding the public housing supply over time. Unless loan repayments are recycled for housing purposes, the public housing system is unlikely to reach a position of self-sufficiency (as has happened in other exemplar jurisdictions).

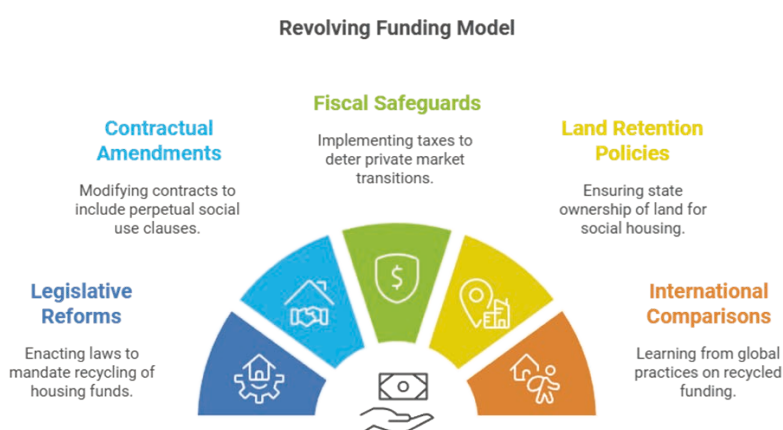
3. Land Retention Policies

Shortfall: Some historic schemes did not consistently keep land in State ownership, limiting State control over its long-term social use.

Forum Insight: Securing State-held land helps enforce perpetual social housing requirements.

4. Need for Fiscal Safeguards

Challenges: An estimated 40,000 dwellings were funded under legacy contracts which warrant strengthened assurances that ensure continued public use beyond the term of the mortgage period.



Proposed Measures: Scope the potential for new capital gains taxes, deferred stamp duties, or similar disincentives to prevent State funded AHB dwellings from being sold or rented at market rates (unless the proceeds are reinvested for the purposes of the alleviation of housing need).

5. International Comparisons

Scotland & Others: State funding contracts require that the future sale proceeds from any social dwelling are reinvested into social housing at the same proportion as was originally funded by the State.

Potential Application: Contractual mandates for reinvestment can create a sustainable cycle of funding for future developments.

6. Housing Agency Role in Land Acquisition

Opportunity: The Housing Agency can purchase private land and collaborate with AHBs to ensure this land is made available for social use.

Advantage: Strengthened inter-agency coordination enhances delivery efficiency and ensures a perpetual focus on social and affordable housing.

Key Actions

A phased approach is proposed to implement this recommendation effectively, with immediate, medium term, and long-term actions to address legislative, contractual, and fiscal reforms.

Immediate Actions (0-2 Years)

- Amend CAS and CALF Contracts: Revise CAS and CALF future contracts to include mandatory recycling provisions ('in perpetuity' clauses), akin to the Scottish model. Require that a proportionate percentage of sale proceeds from State-funded dwellings be reinvested into social housing.
- National Census of AHB Housing Stock: Conduct a comprehensive LA & AHB sector census to establish an accurate picture of AHB owned and managed housing stock, tenant types, and current use, allowing the State to track and manage social housing resources effectively.
- Fiscal Deterrents for Non-Social / Affordable Use: Develop fiscal measures to discourage the sale of State-funded dwellings at market rates

(while examining if exemptions can be designed should the sale/rent proceeds be recycled for social/affordable housing purposes). Such fiscal measures could include imposing rates of capital gains taxes, income taxes, or stamp duties on sales that deter the removal of properties (or the proceeds from property sales) from social or affordable use.

Measures with a Medium / longer term time horizon to impact (2yrs+)

- Require CALF loan repayments by AHBs at the end of term (to LAs) to be retained and used for Housing purposes (a key enabler of the public housing system achieves self-sufficiency in future).
- Enhanced Land Acquisition and Allocation Processes: Strengthen interdepartment and agency collaboration to facilitate land acquisition and allocation for social housing, while retaining State ownership of land used by AHBs to ensure properties remain in social use. Explore the potential expansion of the Housing Agency's funding and mandate to acquire land from the private market for AHBs.
- Examine Potential Social Housing Act for Revolving Funding: Introduce legislation to establish a legal framework for revolving funding. This legislation should require any capital or income generated through social housing (including CALF repayments to LAs and CREL repayments to the Housing Agency) to be recycled in the housing sector, creating a self-sustaining funding model.

This phased approach will establish a revolving funding model that ensures ongoing reinvestment in the State's social housing stock, maintaining housing quality and accessibility over the long term. Through a combination of legislative, fiscal, and operational reforms, this recommendation secures the future of social and affordable housing as a permanent resource for the public good. Furthermore, it will enable the housing system to reach a point (in a number of decades) whereby the recycled funding (via loan repayments and unencumbered dwelling rent proceeds) will negate the need for significant ongoing State capital and income funding in the sector (i.e. the system and its revolving funding will 'self-sustain').

Recommendation 4

Establishing an AHB Sectoral Restructuring Body and National AHB Sector Sustainability Fund (NAHBSF)

To enhance the effectiveness, resilience, efficiency, and financial autonomy of the AHB sector, a dedicated AHB Sectoral Restructuring Body and a NAHBSF should be examined and a potential framework for establishment designed.

The restructuring body will guide sectoral consolidation to achieve specific policy priorities, including addressing issues such as concentration, continuity and governance risks, solving gearing headroom challenges, while building the sector's direct delivery capacity needed to meet housing goals (but to do so as efficiently and effectively as possible). It is critical that a programme of sectoral consolidation seeks to maximise economies of scale, pool expertise and capacity, so that the sector is structured to play an impactful role in the future social and affordable housing system.

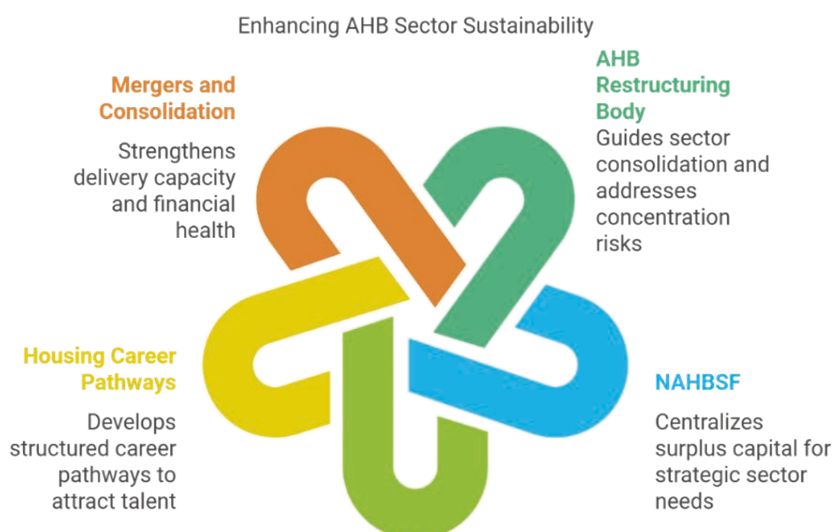
The Restructuring Body must have the resources and expertise to help AHBs overcome barriers that have hindered previous sectoral merger or transfer stock activity. Such barriers include the significant costs associated with stock transfers (legal, consultancy, stock surveys and the costs of contingent liabilities etc.), time spent developing business cases, strategies and board presentations (the combined impact of these barriers has

meant some mergers have taken up to 2yrs to execute, from merger initiation to stock transfer/ merged organisational structures, and this comes at significant opportunity cost, by diversion of resources away from housing delivery).

The NAHBSF, modeled along the lines of Denmark's National Building Fund (with additional features for the Irish system), could centralise a percentage of surplus cash reserves from CALF P&A and cost-recovery rents, that are currently being accumulated (at significant opportunity cost over several decades) primarily to repay exchequer debt. Instead, if this cash was to be diverted to a central fund, it will not only reduce the risk of cash accumulation within individual AHBs, instead providing a central pool for strategic debt repayment, major cyclical repairs, and support for sectoral restructuring and mergers. This fund could also act as a buffer between the sector and the State in the event that an AHB requires financial assistance, as this fund would be the first call for any funding required to transfer its stock. This approach would support a sustainable, more self-sufficient AHB sector that can better respond to national housing needs.

Insights from the AHB Strategic Forum

Discussions at the Forum, supplemented by European research and stakeholder feedback, suggested the need for centralised restructuring mechanisms and shared funding resources within the AHB sector. Key observations included:



1. National AHB Sector Sustainability Fund (NAHBSF)

Central Pooling of Surplus Capital: Inspired by Denmark's National Building Fund, the NAHBSF would hold a percentage of AHB sectoral cash reserves (e.g., the percentage being accumulated as surplus incl. to repay CALF loans) in individual AHB accounts but centrally managed.

Dual Purpose: Would provide a safeguard (covering contingency or rescue funding if an AHB faces failure) and a financing option for sectoral goals like mergers or retrofitting, with certain expenditures potentially offset against future CALF liabilities.

2. Facilitating Mergers, Stock Transfer and Strengthening Organisational Capability

Organisational Capability: Support for organisational change to enable AHBs in building their capacity and capabilities to transition from turnkey reliance towards a direct delivery model and greater use of MMC

Economies of Scale: Sectoral consolidation should also seek to achieve economies of scale, synergies and cost efficiencies so as to maximise both the impact and value achieved from exchequer funding of social and affordable housing through the sector.

Concentration Risks: Workshop insights and the Housing Commission's findings highlighted the State's heavy reliance on a small number of large AHBs. The Forum identified the need to merge some medium-to-large AHBs to strengthen capacity and reduce concentration risks.

Support for Continuity Challenges: AHBs lacking sufficient capacity (e.g., board expertise, income streams) can merge with stronger providers, mirroring the Credit Union sector's consolidation experience.

'Specialist at Scale' AHBs: Consolidation within the Care & Support cohort can foster organisations capable of delivering—and maintaining—specialised housing at the scale required for vulnerable populations.

Addressing Gearing Constraints: Combining AHBs with high debt ratios and those with low or no debt can alleviate immediate gearing pressures by revaluing stock at the date of transfer.

3. Historic Barriers to Mergers

Time and Cost Implications: Previous merger attempts were slowed by legal and consultancy costs, extensive stock surveys, the significant costs

of dealing with contingent liabilities of CAS/CLSS funded dwellings (from deferred maintenance) and lengthy business case development—sometimes exceeding two years from initiation to completion.

Opportunity Cost: Long merger processes divert resources and attention away from core housing delivery.

4. Restructuring Fund for Contingent Liabilities

Leveraging Accumulated Cash Balances:

Workshop feedback emphasised the potential in repurposing a percentage of accumulating cash reserves (e.g., set aside for future CALF repayments) to proactively address contingent liabilities during a merger programme that also achieves wider policy goals in terms of delivery capacity and protect social assets from leaving the sector.

Arbitration Role: A restructuring body would oversee sector funding decisions, allowing legitimate expenditures to be written off against future liabilities, ensuring alignment with policy goals (mergers, retrofit, refurbishment, etc.).

5. Models of Shared Services and Pooling

VHSS in Limerick: Twenty-six AHBs pooling administrative, management, and board resources demonstrated how smaller providers can maintain a local presence while benefiting from collective expertise.

Professional Services Pool: Especially beneficial for smaller AHBs lacking in-house financial or legal capacity, reducing costs and improving operational efficiency across the sector.

6. Professionalising Housing as a Career

Specialist Skill Gaps: The Forum highlighted the need for structured career pathways, particularly in specialist and supported housing.

Partnerships and Education: Collaboration with the Chartered Institute of Housing and higher education institutions could cultivate a skilled workforce, ensuring continuity and expertise to advance sector objectives.

Key Actions

A phased approach is required to implement this recommendation effectively, with immediate, medium-term, and long-term actions, focusing on sector restructuring, centralised funding, and collaborative frameworks.

Immediate Actions (0-2 Years)

- **Develop an Establishment Framework for AHB Restructuring Body:** Investigate and examine other large-scale merger processes, for example the Credit Union Restructuring Board or the recent Flemish housing consolidation process.
- **Establish framework for NAHBSF to Centralise Surplus Capital:** Develop framework guides for the establishment of the NAHBSF, which will receive a portion of CALF P&A and future cost-recovery rents. This process will involve cross-departmental working groups to scope and investigate a range of examples which could provide foundational guidance for the establishment of this body. This fund, would be available for essential sectoral needs, such as debt repayments, major cyclical repairs, and support for mergers, ensuring that surplus capital serves sector-wide objectives instead of accumulating within individual AHBs.
- **National Census of AHB Sector:** Conduct a comprehensive census to provide a “single source of truth” regarding AHB housing stock, including investment, condition, and tenancy status. As previously stated, this census will reveal maintenance deficits and contingent liabilities, informing future cost-recovery models. It will also be used by the AHB Restructuring Body to ‘matchmake’ potential mergers between synergetic organisations.
- **Professional Services Pooling for Cost Efficiency:** Examine the role of the Voluntary Housing Support Services Company, established in Limerick in 2007. This organisation provides a safety net for AHBs who may be struggling with board retention or recruitment and allowing geographically aligned AHBs to pool resources for essential professional services such as – maintenance, health and safety, rental management, legal, accounting and finance. This will structure may reduce individual costs for AHBs, improve service access and contribute to stability.
- **Establish Framework of Housing Career Pathways:** Collaborate with academic institutions and sector organisations to develop formal pathways for housing careers. Initiatives may include creating third-level courses, upskilling programs, and focused training for

supported housing for vulnerable cohorts, fostering sectoral expertise and retention.

Measures with a Medium / longer term time horizon to impact (2yrs+)

- **Establish the AHB Restructuring Body:** Formally establish an AHB Restructuring Body, equipped with the expertise and funding to drive sector consolidation. This body will facilitate mergers to create large, autonomous AHBs with enhanced delivery capacity, reduce continuity risks, and establish ‘Specialist at Scale’ AHBs for supported housing.
- **Implement a Sector Restructuring Fund for Mergers and Consolidation:** Utilise funds from the NAHBSF to facilitate mergers and address the costs associated with sectoral restructuring, including contingent liabilities and major repair needs. This fund will enable strategic mergers to strengthen the AHB sector’s sustainability and prevent potential loss of social housing assets.
- **Address Gearing Constraints through Strategic Mergers:** The AHB Restructuring Body will support mergers that alleviate gearing issues by combining high-debt AHBs with those that are low-debt or dormant, allowing a revaluation of the merged stock. This approach will increase gearing headroom and enhance financial health across the sector, enabling AHBs to expand delivery capacity.
- **Expand VHSS Shared Services Model:** AHB restructuring Body to replicate the VHSS shared service model to allow micro and small AHBs to thrive through shared resources, board support, and management services without requiring full mergers. This shared service approach will empower smaller AHBs to remain independent while benefiting from centralised resources.
- **Expand Housing as a Career Initiatives:** DHLGH, academic institutions, and industry bodies shall develop a comprehensive ‘Housing as a Career’ programme, expanding partnerships with academic institutions to offer specialised courses and certifications. This initiative will ensure a pipeline of trained professionals and equip the sector with expertise in areas like supported housing and regulatory compliance.

Recommendation 5

Enhancing Governance and Oversight for a Resilient and Accountable AHB Sector

To build a resilient, transparent, and effective AHB sector, a continually evolving and strengthening governance and oversight framework is essential. As funding to the sector increases in line with scaled-up delivery targets, it is essential that there is a similar evolution of funding due diligence from funders (such as the HFA, the Housing Agency and DHLGH), comprehensive LA oversight of AHBs adherence to contractual terms and conditions, evolved regulatory capacity and expertise and improved support for voluntary AHB boards. A cross-regulator and funder collaboration structure, expert advisory panels for volunteer boards, and tenant representation on AHB boards will ensure that all stakeholders operate with accountability and transparency, aligned with national housing priorities and a tenant centric focus. These recommendations aim to evolve a governance framework that mitigates risks, supports sustainable decision-making, and promotes a stable and responsive housing sector.

Insights from the AHB Strategic Forum

Discussions at the Forum emphasised the need for a strengthened governance and oversight framework for AHBs, with a focus on evolving due diligence, regulatory capacity, and transparent record-keeping:

1. Enhanced DHLGH Due Diligence

Observation: As AHBs expand and diversify, DHLGH, HFA, and Housing Agency must adapt their funding risk assessments.

Key Groups: Systemically important, rapidly growing, new AHBs, and those with prior compliance lapses warrant closer scrutiny.

Potential Approach: For high-impact AHBs, consider independent credit evaluations and having DHLGH representation on boards* to maintain alignment with State objectives.

2. Expert Advisory Panels for Governance

Need Identified: Large, complex AHBs may require specialised guidance beyond what volunteer boards can provide.

Proposed Workshop Solution: Advisory panels could offer best-practice governance and financial advice across all stages of AHB development.

3. AHBRA Organisational Review

Forum Finding: AHBRA's capacity, expertise, and legal powers need evaluation to effectively regulate a growing sector.

Significance: Strengthening AHBRA's toolkit and resources would help maintain sectoral stability and compliance.

4. Cross-Regulator Collaboration

Current Landscape: Multiple bodies (Charities Regulator, AHBRA, HIQA, Office of Corporate Enforcement) oversee different aspects of AHB operations.

Forum Insight: Structured collaboration can streamline reporting, enhance information sharing, and reduce administrative burdens for AHBs.

5. Tenant Representation on AHB Boards

International Context: Countries (including several EU jurisdictions) often involve tenant unions in housing oversight.

Local Relevance: Including tenant voices could improve decision-making transparency and strengthen community engagement.

6. Local Authority Governance and Oversight

Essential Role: LAs are key to ensuring contract compliance, updating records, and monitoring the condition of AHB social dwellings.

Forum Emphasis: Regular assessments—along with accurate stock and tenancy logs—help maintain quality and accountability.

The placing of DHLGH representatives on AHB boards should be focused on those AHBs who do not have detailed plans towards reclassification (as Government Board representatives could undermine the path to reclassification).

7. Legacy Mortgages and Unencumbered Properties

Identified Risk: Deficiencies in ICT system interconnectivity could (in future) lead to heightened risks of an overlap in funding (e.g., HAP payments to AHB landlords) and underinvestment in maintenance.

Outcome Sought: Better data management capabilities for LAs ensures sustained asset value and prevents dual funding or insufficient upkeep.

Actions

A phased approach is proposed to implement this recommendation effectively, with immediate, medium-term, and long-term actions, focusing on LA governance, cross-regulator collaboration, and sectoral governance enhancements.

Immediate Actions (0-2 Years)

- Reinvalidate LA and AHB Forums: informed by the outputs of the 2025 Local Government Audit Service review of LA oversight of AHBs, support LAs and DHLGH to give due consideration to key recommendations that would aid LA oversight of AHBs adherence to funding contractual conditions (incl. visibility on allocations, mortgage status and AHB activities in line with Housing Delivery Action Plans)
- Continued evolution of DHLGH and Funding entity (HFA/HA) due diligence of AHBs: As funding to the sector continues to increase in scale and complexity, it is necessary to evolve financial risk monitoring and due diligence processes, categorising AHBs by risk and growth status. Continuous evolution of due diligence and risk oversight collaboration amongst State funding agencies and DHLGH is critical to make informed funding decisions and provide targeted oversight for high-priority AHBs, such as those with systemic importance or rapid growth.



- **Establish Expert Advisory Panels for AHB Boards:** Housing Agency shall set up expert advisory panels to support AHB boards, especially those of large or rapidly growing organisations. These panels will provide advice on governance, financial planning, and operational best practices, helping AHBs manage scale and complexity effectively.
- **Cross-Regulator Collaboration Structures:** DHLGH, AHBRA, and regulatory agencies shall coordinate efforts to develop formal collaboration frameworks among the Charities Regulator, AHBRA, HIQA, and the Office of Corporate Enforcement. This structure will enhance regulatory efficiency, facilitate information sharing, and reduce the administrative burden on AHBs, allowing them to focus on housing delivery and compliance.
- **Set Standards for Tenant Representation on AHB Boards:** Investigate models of tenant representation in the EU to identify best practices for Irish AHBs. Establish guidelines to ensure tenant interests are represented at the board level, promoting transparency and tenant-centered decision-making.
- **Support the AHBRA Organisational and Legislative reviews Outcomes:** Implement the recommendations from the AHBRA organisational and legislative reviews, ensuring the authority has the expertise, resources, and regulatory powers needed to oversee the AHB sector effectively as it grows and evolves.
- Engage with the Charities Regulator and AHB sector to ascertain if professionalism of boards (incl. consideration of remuneration in certain circumstances) is a potential solution to oversight, governance and retention issues.

Measures with a Medium / Longer term time horizon to impact (2yrs+)

- **Strengthen Local Authority Oversight and Contract Monitoring:** Each LA to assess and seek to implement any recommendations emerging from the Local Government Audit Service assessment of LA and AHB oversight mechanisms, to ensure that oversight mechanisms designed to ensure that AHB properties meet required standards of accommodation and that nominations, allocations, and inspections are consistent with contractual requirements. LAs should regularly monitor contracts, address rental standards, and ensure that housing funding is used appropriately.
- **Establish a Register of Funded AHB Dwellings:** Develop a centralised register of funded AHB dwellings, detailing mortgage statuses, P&A agreements, and tenancy statuses. This register will improve transparency and reduce the risk of loss of stock for social/affordable housing purposes, especially in cases of property transfers or AHB dissolutions.

This phased approach to governance and oversight will secure the AHB sector's stability, improve accountability across stakeholders, and support a sustainable housing delivery system that meets national objectives. By reinforcing regulatory collaboration, LA oversight, and board governance, this recommendation lays the groundwork for a transparent and resilient public housing sector.

Recommendation 6

Capital Funding Reforms to support more sustainable growth for Large AHBs (gearing, direct delivery and reclassification)

This recommendation focuses on capital funding reforms to support certain large AHBs to:

- continue to deliver housing without breaching sustainable gearing ratios
- transition their organisational capabilities and appetite towards a greater proportion of direct delivery (over turnkey); and
- for some AHBs to begin on the path towards increased financial self-sufficiency and (potentially) towards off-balance sheet reclassification.

Recommended measures include:

1. the evolution of construction specific funding models' that support capability expansion and development activity, conversion of debt to grant in certain circumstances (to support continued delivery without breaching gearing limits).
2. the establishment of syndicated pools of patient capital or bond issuance initiatives (and consideration of related State guarantees) that support certain AHBs to reach a point whereby they can operate more independently of the State (and are reclassified) and potentially support counter-cyclical investment in public housing.

Insights from the AHB Strategic Forum

Workshop discussions and stakeholder feedback emphasised the necessity for reforms that enable a select group of large AHBs to secure greater financial flexibility and reduce dependence on State funding:

1. Private Sources of Capital

Key Feedback: To facilitate a path towards off-balance sheet status, along with the diversification of income sources some larger AHBs with reclassification ambitions will also need to diversify capital funding sources away from the State or State agencies.

Sectoral Proposed Measures: Examine a syndicated pool of 'patient capital' via the

HFA and/or the possibility of large AHB bond issuance (potentially backed by a State guarantee and sectoral restructuring fund mentioned in Recommendation 4), with the aim of diversifying funding sources and keeping costs & risks down.

2. Construction-Specific Funding Models

Identified Gap: Project delivery can be hampered by financial risks like interest payments and Debt Service Cover Ratio constraints.

Sectoral Proposed Measures: Develop dedicated funding solutions for construction, including strategies to support quicker land acquisition, improving responsiveness to urgent housing needs.

3. Enhancing CALF and CREL Frameworks

Workshop Feedback, to support an increasing number of AHBs to transition towards more direct delivery (over turnkey), while ensuring they have the organisational capabilities to manage associated risks.

Suggested Improvements: Incorporate forward-looking cost assessments, allow flexibility for unexpected cost hikes, while also protecting the taxpayer against cost-escalation that is within the AHB's sphere of control, and ensure adequate resourcing of CALF/CREL assessment teams to minimise project delays.

4. Gearing Constraints and Grant Conversion

Challenge: Many large AHBs find their borrowing capacity limited by high gearing ratios.

Sectoral Proposed Measures: Apply Gearing Working Group proposals, such as converting portions of CALF loans into grants, to create additional headroom, while also concurrently investigating the potential for strategic mergers further alleviating gearing constraints in the medium term, via stock transfers from lowly indebted AHBs (positively impacting the receiving AHB's balance sheet).

5. Importance of Communal and Community Facilities

Forum Consensus: Potential for Department Rural and Community Development / other government department funding to complement DHLGH funding for dwellings. This funding could include communal spaces that foster resident well-being and community engagement.

Sector Benefit: Well-designed shared areas enhance quality of life and help build stronger, more cohesive communities.

Key Actions

A phased approach is proposed to implement this recommendation effectively, with immediate, medium-term, and long-term actions, targeting capital flexibility, funding model improvements, and regulatory adjustments.

Immediate Actions (0-2 Years)

- **Implement Gearing Working Group Recommendations:** Convert a percentage of CALF loans into grants, and investigate the potential for strategic mergers to further alleviate gearing constraints in the medium term, via stock transfers from lowly indebted AHBs. These actions will enable large AHBs to alleviate gearing constraints.
- **Examine potential of Syndicated Pool of Patient Capital:** HFA and Private Investors: Explore options and examine international examples of a syndicated pool of 'patient capital' that AHBs can access, reducing reliance on State funding and providing a sustainable funding source for cost-rental and social housing projects. This pool will attract private investors committed to long-term social impact.

Measures with a Medium / Longer term time horizon to impact (2yrs+)

- **Expand Cost Rental and Enable Transition of Certain Social Dwellings to Cost Rental at Tenancy End:** Where social housing need in a given area is being met through LA or LDA delivery, the State may encourage large AHBs to transition certain unencumbered social housing units— those that become vacant—towards cost-rental tenure. This approach would support the diversification of income streams within AHBs, increasing the proportion of revenue from non-State sources and contributing to the financial conditions necessary for off-balance sheet classification. In doing so, the introduction of a tenure mix within individual developments or wider communities can also help promote long-term community stability, economic diversity, and stronger links to local employment, education, and public

services. Over time, the careful conversion of dwellings from social to cost-rental (subject to defined policy parameters and local need) can support the creation of balanced, resilient communities while preserving the social mission of the sector.

- **Construction-Specific Funding Model:** DHLGH and HFA shall review the funding model to ensure AHBs have access to sufficient finance to transition their organisational capabilities and appetite towards a greater proportion of direct delivery over turnkey and during the construction period that avoids undue strain on reserves that may impact on financial health metrics.
- **Scope the potential for a State-Backed Bond for AHB Borrowing:** A State-backed bond or perpetual bond programme has the potential to reduce borrowing costs for AHBs, de-risking loans and supporting a stable, low-cost capital source for long-term housing development.
- **Enhance CALF and CREL Funding Flexibility:** Update CALF and CREL funding models with forward-looking cost assessments, reassess the process and approach to verification for exceptional cost increases. Reassess eligibility thresholds and subsidies to increase accessibility for moderate-income households.
- **Improve Access to Communal and Community Facility Funding:** Cross-Department consideration of co-funding for communal and community facilities to support quality-of-life improvements and community development for residents, particularly in large-scale housing projects.

This phased approach will enable certain large and fast growing AHBs to:

- continue to deliver housing without breaching sustainable gearing ratios
- transition their organisational capabilities and appetite towards a greater proportion of direct delivery (over turnkey)
- begin on the path towards increased financial self-sufficiency and (potentially) towards off-balance sheet reclassification.

Through targeted reforms to funding structures and capital access, this recommendation supports a resilient, autonomous AHB sector aligned with national social and affordable housing objectives.

Recommendation 7:

Establishing a Green Deal for AHBs to achieve Climate resilience

A comprehensive Green Deal for AHBs will empower the sector to address energy efficiency and sustainability goals, contributing to Ireland's climate targets while reducing energy costs for vulnerable households. Key elements include establishing an AHB Retrofitting and Refurbishment Co-operative, modeled after successful initiatives in Flanders and Denmark, and for the Department of Environment, Climate and Communications to work with the DHLGH and AHB sector to assess the optimal funding solution(s) for the AHB sector to upgrade legacy stock, including assessing the potential for:

- increased SEAI grants, &/or
- leveraging a percentage of cash balances held by AHBs for retrofit purposes (written off against future CALF loan repayment liabilities) &/or
- a reformed income model for AHBs, providing an income stream to support AHB borrowings for retrofit investments.

The range of policy development actions under this Green Deal recommendation, will seek to address the retrofit deficit of older CAS/CLSS-funded dwellings, enhance energy efficiency across the sector, and (potentially in time) generate additional revenue streams through surplus energy sales.

Insights from the AHB Strategic Forum

Discussions at the Forum, supported by European best practices and stakeholder feedback, underscored the importance of a coordinated approach to retrofitting, energy efficiency, and sustainability within the AHB sector:

1. Current Sector Position

Sectoral feedback at forum workshops and from submissions, indicated that a significant proportion (circa 40%) of AHB 'owned' housing stock was developed before 2010 and may require energy efficiency upgrades to align with national climate targets and improve tenant wellbeing.

While AHBs generally perform well on energy efficiency compared to private landlords, a considerable cohort of properties still fall below B2 BER level and may need investment to future-proof the sector.

Upgrades will support both Ireland's carbon reduction commitments under the Climate Action Plan and deliver tangible improvements in comfort, health, and long-term affordability for tenants.

The AHB sector can also play a key role in meeting the State's obligations under the EU Energy Performance of Buildings Directive, by improving the energy performance of some of the sector's worst-performing residential buildings, which include dwellings for some of the more vulnerable households (e.g. those with disabilities, elderly in need of support services etc.) who must be prioritised under the EU Directive.

To support the process, the sector will require clear policy signals, with potential streamlined access to retrofit supports, and a focus on tailored solutions for older or heritage-designated properties.

2. AHB Retrofitting & Refurbishment Co-operative

European Inspiration: Drawing on the example of the Flemish social housing cooperative Aster, an AHB-owned co-operative could undertake large-scale projects—such as insulation and solar panel installations—that reduce energy poverty and household costs.

Counter-cyclical Investment: The Danish National Housing Fund provides an additional model, using pooled sector resources to maintain housing quality even during economic downturns.

3. Leveraging CALF Balances for Green Investments

Workshop Feedback: AHBs currently hold reserves for future State loan repayments, which could be redirected toward upgrading legacy stock.

Benefits: Such green investments could lower gearing ratios (by revaluing existing stock), reduce cash management risks, and enhance tenants' living standards, all while advancing climate goals.

4. Increased SEAI Grant Support

Workshop Feedback: Higher levels of grant funding would make deep retrofits more achievable for AHBs.

Long-Term Commitment: In return, AHBs would retain these upgraded units in social or affordable use, ensuring that energy efficiency improvements reach households most in need.

Key Actions

A phased approach is proposed to implement this recommendation effectively, with immediate, medium-term, and long-term actions proposed, focusing on cooperative development, funding adjustments, and sector-wide sustainability initiatives.

Immediate Actions (0-2 Years)

- **Initiate Feasibility Study for AHB Retrofit Co-operative:** ICSH and the Housing Agency to conduct a feasibility study on establishing an *AHB Retrofitting and Refurbishment Co-operative*, assessing the viability of a sector-wide initiative similar to Flanders' Aster cooperative. The study will identify operational requirements, potential revenue from surplus energy, and funding options for initial setup.
- DHLGH, DECC and AHB Sector to assess the scale of investment required so the sector can play its part in meeting climate resilience targets. Then these stakeholders will review the optimal funding suite to achieve retrofit goals, including a reassessment of SEAI grant levels. Any revised funding solution would come with the condition that participating AHBs commit to keeping retrofitted units within the social and affordable housing sector in perpetuity.

Measures with a Medium / Longer term time horizon to impact (2yrs+)

- **Subject to feasibility study, establish the AHB Retrofitting and Refurbishment Co-operative:** Launch the AHB Retrofit Co-operative, collectively owned by AHBs, to manage large-scale retrofitting programmes, including insulation, solar panel installations, and refurbishments. The co-op will focus on

improving energy efficiency for vulnerable tenants, with the potential to reinvest revenues from surplus energy sales into further sector improvements.

- **Examine the possibility of allowing a percentage of CALF surplus cash balances (held for decades solely to repay debt to the State) to instead be used to fund major refurbishments of legacy stock:** Permit AHBs to leverage a percentage of cash balances held for future CALF/CREL repayments for approved refurbishment actions, with debt write-off where funds are used for sustainable projects. This approach will reduce gearing constraints, lower cash management risks, and accelerate refurbishment efforts across the sector.
- **Integrate Renewable Energy and Energy Efficiency Standards:** AHB Retrofitting Co-operative and SEAI: Establish sector-wide standards for renewable energy installations and energy efficiency improvements across AHB housing stock. The co-operative will work with SEAI to ensure consistent upgrades that meet national energy efficiency goals and generate long-term savings for AHBs and tenants.
- **Explore Counter-cyclical Funding Mechanisms:** SEAI, DHLGH, DECC, Housing Agency and HFA should examine and implement counter-cyclical funding strategies, informed by the Danish *National Housing Fund*, to ensure continuous investment in energy efficiency and maintenance regardless of economic conditions. This fund would provide stability and support long-term energy and maintenance targets within the AHB sector

This phased approach will enable the AHB sector to align with the State's climate goals, reduce energy poverty, and create sustainable housing solutions. Establishing a retrofit co-operative, increasing SEAI funding, and facilitating innovative use of CALF reserves, should set a path for a greener, more resilient public housing sector.

Recommendation 8:

Establishing a Cross-Departmental/Agency working group to address financial and administrative barriers for Care & Support AHBs

A Cross-departmental or agency working group should be established urgently with a focused mandate to address funding and administrative barriers inhibiting AHBs involved in delivering housing and Care & Support services to vulnerable persons, including disabled persons, older persons and Travellers. In response to challenges arising from the gaps between parent department and agency funding (e.g. HSE funding) and the funding forthcoming for housing from the CAS, CLSS and potentially CALF capital and income subsidies. This cross-departmental effort will align housing delivery, funding, and care standards, ensuring sustainable service provision for the most vulnerable cohorts. The working group will seek to identify a series of implementable reforms that may streamline procedures, eliminate funding gaps, and clarify the distribution of responsibilities among stakeholders.

Insights from the AHB Strategic Forum

The Forum highlighted the need for a dedicated cross-departmental agency working group to address funding gaps, overlapping responsibilities, and regulatory challenges facing Care & Support AHBs:

1. Complex Inter-Agency Roles

Forum Observations: Gaps have emerged between AHBs, DHLGH, LAs, and other parent departments and agencies, like the HSE and Department of Health (DoH).

Effect: Conflicting or unclear responsibilities often delay approvals and create funding shortfalls.

2. Funding Shortfalls for Supported Housing

Key Finding: Some AHBs articulated in Fourm that they struggle to secure sufficient capital for new housing that meets specific HIQA standards (e.g. for people with disabilities).

Impact: Limited funding for specialised medical and social care facilities and equipment puts additional pressure on AHB finances and service delivery.

3. Offset of Economic Rents

Challenge: Certain AHBs do not charge the full economic rent to those tenants who have the financial means to pay their full contribution for risk it might reduce their Care & Support service payments from relevant agencies.

Result: This tension undermines long-term viability and the ability to meet both housing and care needs.

4. Operational Strains

Forum Observations: Delays providing HSE care and support packages to support independent living and in LA approval of allocations, insufficient capital, and the challenge of meeting both maintenance and regulatory standards place added strain on Care & Support providers.

Implication: These bottlenecks risk service continuity and housing quality for the most vulnerable.

5. Lessons from Past Reviews

Past Reports: The 2018 Independent Review Group (IRG) on voluntary organisations and investigations by the Charities Regulator and AHBRA underscored the need for inter-departmental alignment and robust funding policies.

Relevance: These findings underline longstanding gaps in oversight, highlighting the urgency for cohesive, cross-agency solutions to strengthen the viability of Care & Support AHBs.

Key Actions

Immediate Actions (0-2 Years)

- **Establish an Internal DHLGH Working Group:** As a first step, the DHLGH should establish an internal working group to define its own lead responsibilities and clarify its strategic objectives in the housing and care interface. This process should secure a coherent policy position, funding goals, and programme design, and provide form a clear basis for subsequent cross-departmental engagement. It should also help identify key inter-dependencies and set out the terms of reference for joint governance structures.
- **Establish the cross-departmental agency working group:** Building upon existing structures, formalise a cross-departmental agency working group that includes key representatives from the DHLGH, Department of Children, Equality, Disability, Integration and Youth (DCEDIY), Department of Social Protection (DSP), DoH, HSE, LAs, ICSH, and Care & Support parent departments and agencies. This working group, acknowledging the work already underway across several forums and working groups, should look to address the financial and procedural gaps identified, aiming to align responsibilities and funding channels across housing and care services.
- **Interagency Forum on Funding Coordination:** Set up a dedicated forum for ongoing coordination between the HSE, DoH, DCEDIY, DHLGH's CAS unit, ICSH, and LAs to address interdependencies and align funding for Care & Support AHBs, preventing underfunding in housing and care delivery.
- **Review CAS Barriers:** Conduct a rapid review of CAS funding mechanisms and associated procedural barriers, such as LA approval delays and mortgage release issues, ensuring that AHBs can sustainably meet regulatory requirements.

Measures with a Medium / Longer term time horizon to impact (2yrs+)

- **Embed Departmental Responsibilities:** Following the work of the cross-departmental agency working group, continue to develop and evolve clear guidelines delineating the responsibilities of each department and agency for capital and income support, ensuring AHBs can meet housing and care standards.
- **Standardise Economic Rent Policies:** Clarify economic rent policies for Care & Support AHBs to ensure tenants with disabilities or those receiving service payments can contribute fairly to housing costs without jeopardising their support funding.
- **Implement Contract and Oversight Improvements for LAs:** LAs to consider the Local Government Audit Service recommendations from the LA/ AHB oversight review in 2025, including the need to maintain a census of AHB-funded stock and tenant statuses to ensure adherence to contractual and financial requirements. Additionally, ensure that nominations and allocations comply with Care and Support requirements.
- **Streamline Multi-Department Oversight:** Establish a unified administrative framework to simplify the oversight of Care and Support AHBs, enabling cohesive collaboration and monitoring among DHLGH, HSE, and parent departments.
- **Refine Cross-Departmental Funding Mechanisms:** Design cross-departmental funding mechanisms to allow flexible allocations where housing and care/support functions intersect, as recommended by the 2018 IRG report. This would improve financial stability for AHBs and ensure regulatory compliance in service provision.

Setting the Course: Evidence, Analysis and Enabling Actions

The AHB sector has been an indispensable pillar of Ireland's social and affordable housing system. Through its delivery of high-quality housing and its support for vulnerable groups, the sector has consistently demonstrated its critical role in meeting national housing objectives.

As housing needs intensify, AHBs will continue to play a vital role in scaling-up housing delivery, particularly in social and affordable sectors. The increasing demand for housing solutions requires a stable, resilient, and effective AHB sector that is well-equipped to respond to evolving challenges. The AHB Strategic Forum provided a platform to highlight and discuss impediments to be overcome and potential enablers to support the sector to realise its potential. However, incomplete and inconsistent data on key aspects of the sector significantly hinder the ability to design informed, actionable policies to achieve these goals.

Next Steps:

Establishing a Robust Evidence Base to Enable Credible Policy Development

Successfully implementing the recommendations in this report will require critical data and information gaps to be closed in the AHB sector. The AHB Strategic Forum highlighted key challenges, including the need for a comprehensive understanding of the sector's financial structures, operational dynamics, and future liabilities. Without this foundational analysis, policy development risks being fragmented and ineffective in addressing the sector's most pressing challenges.

Immediate Priority: A Coordinated Data Collection and Analysis Effort

A coordinated, cross-governmental initiative must be undertaken to provide an accurate and transparent evidence base, which will support the development of credible, actionable policy solutions.

DHLGH, collaborating with the Department of Finance and the Department of Public Expenditure, National Development Plan Delivery and Reform, will lead this effort, with structured engagement from key stakeholders such as the Housing Agency, AHBRA, LAs, and the AHB sector.

Key Areas for Immediate Data Collection and Analysis

1. Stock Conditions and Contingent Liabilities

- A robust assessment of the physical condition of (a representative cross-section of) dwellings funded under legacy CAS and CLSS schemes.
- Quantification estimates of probable sector-wide deferred maintenance liabilities accrued from inadequate funding for cyclical maintenance and repairs.
- Identification of immediate to medium/long term risks to housing stock quality and safety.

2. AHB Cost Base and Income Profiles

- Detailed financial analysis of the varying operating costs of AHBs, segmented by category (e.g., large, medium, small, and Care & Support AHBs).
- Evaluation of income streams, including tenant rents and state subsidies, and their alignment with operational and maintenance needs.
- Assessment of any potential income generation opportunities, such as cost-recovery rent opportunities from vacant stock and the contribution potential from tenants, such as an AHB's own nominated tenants

3. Utilising CALF P&A Funding

- Retrospective analysis of the use of CALF P&A funding, identifying patterns of expenditure, effectiveness, and areas where any surplus (or cash held to repay future debt liabilities at opportunity cost) may be able to support wider policy objectives.

4. Tenancy and Property Profiles

- Comprehensive mapping of tenancy statuses, including unencumbered properties, to ensure alignment with housing objectives.
- Profile tenant demographics and financial means to ensure that policies are equitable and aligned with long-term sustainability goals.

5. Sinking Funds and Lifecycle Maintenance

- Examination of AHB cash reserves and sinking funds, focusing on the variances in allocation toward debt repayment, cross subsidisation and lifecycle maintenance.
- Identification of any potential deficiencies in sinking fund contributions to inform recommendations that strive to ensure future adequacy.

6. Retrofit and Sustainability Costs

- Assess sector-wide requirements for retrofitting to meet energy efficiency and climate action targets.
- Identification of funding gaps to inform policy interventions needed to support retrofitting at scale.

First Implementation Actions

1. Formation of a Collaborative Analysis Framework

- Establish a multi-stakeholder working group, led by DHLGH, to coordinate data collection, analysis, and policy recommendations.
- Engage with the Housing Agency, AHBRA, and representative bodies to ensure sector-wide participation and transparency.

2. Comprehensive Data Collection and Sector-Wide Census

- Conduct a census to identify and, subsequently, close data and information gaps across AHB costs, income, stock and sinking fund census, covering a representative cross-section of AHBs.
- Develop standardised methodologies and reporting templates to ensure consistency across the sector.
- Utilise third-party experts to validate data and assess AHB financial and operational practices.

3. Validation, Oversight, and Transparency Measures

- Ensure all data collected is verified and appropriate for the development of policy in subsequent recommendations.
- Assess historical practices, such as rent setting and income management, to identify systemic inefficiencies and accountability gaps.

4. Sector-Wide Reporting and Integration

- Consolidate findings into a sector-wide evidence base, with detailed insights for each AHB category and regional context.
- Publish a report to inform subsequent policy development and funding decisions.

Outcome: A Stronger Foundation for Sustainable Housing Policy

This data-driven approach will enable:

- **Informed Policy Development** – The evidence base will support the design of targeted policies that address sector-specific challenges and promote sustainability.
- **Improved Financial and Operational Transparency** – Greater transparency in AHB financial practices and asset management will enhance sectoral accountability and enable more effective governance.
- **Efficient Resource Allocation** – Data-driven insights will ensure that funding and support mechanisms are allocated equitably and efficiently, reducing risks and optimising impact.
- **Long-Term Sectoral Reform** – Establishing a robust evidence base to support future sustainability, resilience, and efficiency within the AHB sector.

This foundational work is a **critical enabler** of the recommendations outlined in this report and a key milestone in the transformation of Ireland's housing system.



Conclusion

Conclusion

The Path Forward – Key Role for AHBs in a Modern Housing System

This report outlines a clear roadmap for stabilising and strengthening the AHB sector, ensuring it remains a cornerstone of Ireland's housing delivery system. However, the recommendations in this report represent only one element of the broader transformation required to modernise the housing system. To achieve the ambitious targets set out the successor plan to *Housing for All* and the Report of Housing Commission, a coordinated, government-wide effort will be required.

Towards a Change Delivery Programme

The AHB Strategic Forum's recommendations will form a critical component of a larger, cross-departmental and cross-agency change delivery programme, led by DHLGH. This programme will focus on modernising the housing system to ensure its sustainability, efficiency, and ability to meet the needs of all. Key elements of this programme will include:

1. Evolving Our National Housing Plan:

Building on the significant progress achieved under *Housing for All*, at the time of drafting this report the government has made significant progress in the development of a new, updated national housing plan. This new strategy is being fundamentally shaped by recent developments, expert analysis and stakeholder engagement. Key conclusions and recommendations outlined in the report of the Housing Commission, alongside priorities from the AHB Strategic Forum, have been carefully considered, ensuring the new *National Housing Plan* provides a robust and responsive roadmap for AHBs continued contribution to meeting housing needs in the future.

2. Integration of Housing Commission Priorities:

The recommendations from this report will be aligned with the Housing Commission's broader priority actions, ensuring a coherent reform of policy and systems.

The Sector will pivot towards a greater volume of direct delivery (as opposed to turnkey) thus increasing overall delivery capacity of the State, while leading the way on MMC adoption in line with refreshed Government viability initiatives.

3. Cross-Departmental Collaboration:

Delivering the systemic changes outlined in this report requires active collaboration across government departments and agencies, including the Department of Finance, Department of Social Protection and the Department of Health. A whole-of-government approach will ensure funding mechanisms, governance structures, and operational frameworks are fully aligned and mutually reinforcing.

4. A Focus on Implementation:

Transitioning from strategy to action is critical. A dedicated change delivery programme, with defined leadership, clear milestones, and accountability structures, will be established to oversee the implementation of these recommendations and associated reforms. Regular progress reviews will ensure timely delivery and allow for adjustments as needed.

5. Stakeholder Engagement and Communication:

The programme will emphasise collaboration with key stakeholders, including AHBs, LAs, and regulatory bodies, ensuring their voices inform the design and implementation of reforms. Transparent communication with the public and sector stakeholders will reinforce trust and highlight progress.

6. Phased Implementation with Prioritised Actions:

Immediate steps to address significant data and information gaps identified during the AHB Strategic Forum will be the first priority, providing foundational analysis and evidence base necessary for progressing the recommendations in this report. Medium and long-term actions, including structural and systemic changes, will follow in a phased manner, ensuring sustainable progress.

Outcomes of the Change Programme

This modernisation programme aims to deliver the following outcomes:

- A financially sustainable, efficient and self-reliant AHB sector, capable of scaling housing delivery and aligning with national housing objectives.
- Enhanced governance, transparency, and accountability across all stakeholders, ensuring efficient use of public and private resources.
- Modernised funding models and operational frameworks, enabling the housing system to meet future challenges with resilience.
- A housing system that supports the State's broader social and economic objectives, including energy efficiency, climate targets, and community development.

The challenges outlined in this report demand decisive action and sustained commitment. The next phase is critical: translating these recommendations into tangible reforms that will transform the housing system. By embedding these actions in a broader, cross-government change delivery programme, the State can ensure its housing system evolves to meet current needs while laying the foundation for a sustainable, equitable, and modern future.

The AHB sector has proven its capacity to deliver housing solutions for the most vulnerable. With the right support, reforms, and collaboration, it will continue to be a vital partner in achieving the shared vision of a housing system that works for all.

An aerial photograph of a suburban neighborhood. The image shows several houses with dark roofs and light-colored walls, interspersed with green lawns and trees. A road with white lane markings runs horizontally across the upper portion of the image. A large, semi-transparent teal gradient overlay covers the bottom half of the image, creating a modern, design-oriented look.

Appendix

Appendix

European Research

The Housing Europe research report has outlined the key mechanisms that underlie the functioning of the AHB-type housing providers in Belgium (Flanders), Denmark, Finland, and the Netherlands. Below is a comparative analysis of the main characteristics of the systems of provision in the four peer countries.

i. Governance

	Belgium (Flanders)	Denmark	Finland	Netherlands
Legal setup	Private Limited Companies	Non-profit organisations	Limited Companies	Primarily not-for-profit foundations
Area of operations	Strictly limited	In municipalities that have approved their request to provide housing	MHCs are largely anchored to fixed areas; foundations are more mobile	Within one of the country's 19 "housing market regions"
Oversight	Independent supervisory body	By municipal authorities	Independent supervisory body	Independent supervisory body; and the Social Housing Guarantee Fund
Board of management	Majority of seats nominated by local policymakers	Majority of seats reserved for tenants; with local policymakers and staff of social providers also often present	Nominees of local policymakers	Independent boards of management

ii. Strategic role

	Belgium (Flanders)	Denmark	Finland	Netherlands
Legally mandated strategic plan	Not compulsory; but still common	Yes	Not compulsory	Indirectly; via mandatory tri-party negotiations
Requirement to meet housing delivery targets	Yes	No strict requirement; but work closely with municipalities to deliver on locally specific needs assessments	No strict requirement; but work closely with municipalities to deliver on locally specific needs assessments	Yes; via tri-party negotiations
Develop housing for specific target groups	Yes	Yes	Yes; mostly via foundations	Yes; often via specialist providers

iii. Approach to asset and tenant management

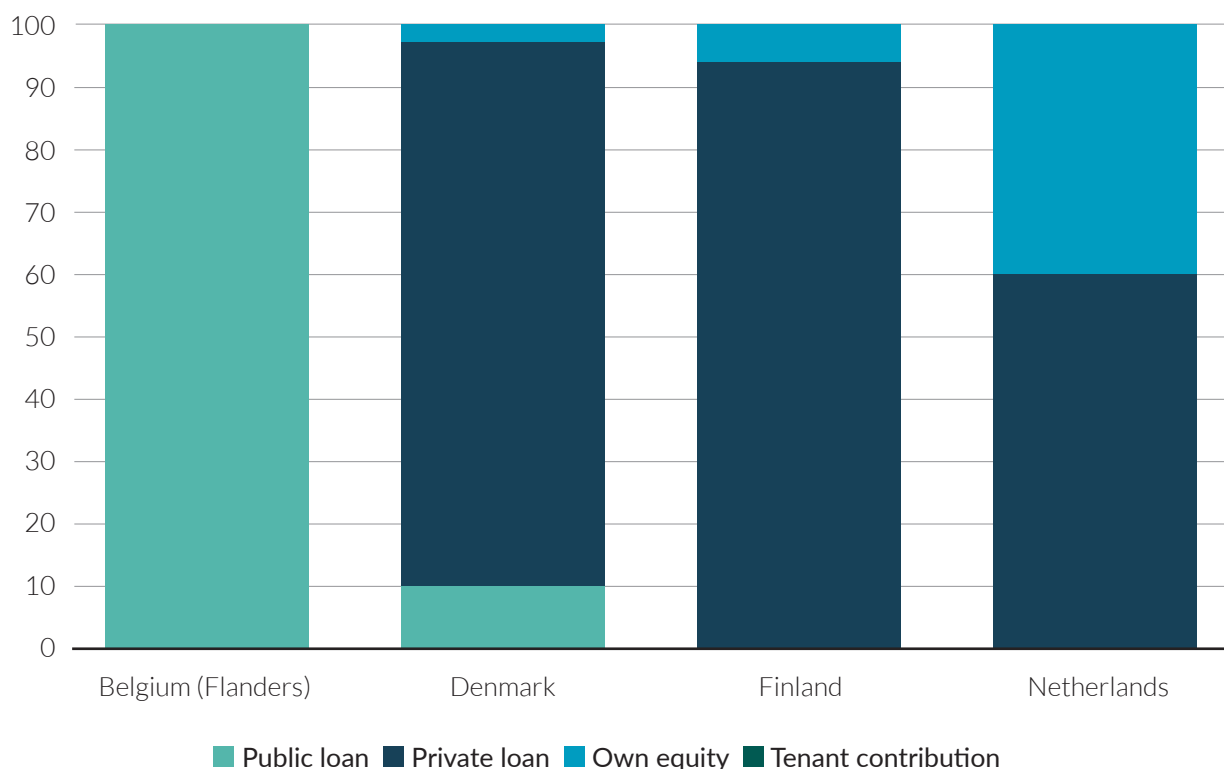
	Belgium (Flanders)	Denmark	Finland	Netherlands
Directly manage allocations	Yes; but with guidelines set by the Government	Usually allocate 75% directly; 25% via municipal nominations	Yes; but with guidelines set by the Government	Yes; but with guidelines set by the Government
Rent setting mechanism	Primarily income-based	Cost-based	Cost-based	Primarily utility-based
Legally required role for tenants in decision making	No	Yes	Yes	Yes; via tri-party negotiations and tenants' unions
Rents can increase to finance cost of renovations	Not clearly defined	Yes	Yes	Not under current national framework agreement; but theoretically possible
Sale of dwellings	In rare circumstances; if not economically viable to renovate	In rare circumstances; usually to promote social 'mix'	Yes; in certain circumstances, and with approval	Yes
Mergers of housing providers	Yes; recent forced mergers	Yes; typically voluntary	Yes; on a voluntary basis	Yes; typically voluntary

iv. Delivery methods

	Belgium (Flanders)	Denmark	Finland	Netherlands
Subject to public procurement	Yes	Yes	Yes	No; but this is currently being challenged by the EU
Can acquire existing builds / turn-key developments	Yes	Yes	Not currently used	Yes
Long-term leasing of homes	Yes	Not currently used	Not currently used	Yes; though only as a short-term emergency measure
Responsible for development of community amenities	Indirectly; though no long-term management of such facilities	No; this is for municipalities	No; this is for municipalities	No; this is for municipalities

v. Financing

Figure 11: Simplified overview of funding breakdown for typical new social housing development, by country



Notes: The figures for the Netherlands are indicative only of sectoral investment estimates for 2021/22. Dutch housing associations use portfolio financing, rather than individual project financing. Thus, there is a wide margin for variability in terms of the 40% / 60% split of 'own equity' to 'private loans' in the above graphic, from both a housing association to housing association basis and a year to year sectoral basis.

	Belgium (Flanders)	Denmark	Finland	Netherlands
General notes on financing / clarifications	Interest rate subsidy paid by the Government (full value of interest)	50-year interest and instalment-free public loans - State pays interest rate subsidy - Subsidy is later repaid	- If building housing for specific target groups, a public grant may be made available - Public interest rate subsidy can be paid - Public guarantee provided	Private loan is guaranteed by mutually owned WSW; with an implicit State guarantee too
Subject to general taxation	- Pays reduced VAT (6%) - Lower rate of property tax - Liable for corporation tax	- Not liable for corporation tax - Largely VAT exempt	- Liable for corporation and property taxes - Pay full VAT	Liable for corporation tax, and other commons taxes on property and VAT

Housing Commission Recommendations

No.	Recommendation	Action
5	Ensure that housing policy makes adequate provision for a range of housing and accommodation types to meet the specific needs of identifiable groups.	1. Ensure that the provision, or lack of provision, of other types of accommodation does not compromise access to long-term rental housing and homeowner-occupied housing. 2. Facilitate independent and assisted living in the community by providing appropriate accommodation and services for people with additional needs, including older people and those with disabilities. 3. Address the accommodation needs of students, and others with similar housing needs, by delivering smaller and affordable homes for rent, in both regular and shared accommodation segments.
44	Legally underpin the reforms set out in this section with a new Social Housing Act that would specify and protect the social purpose of the social housing sector over the long term and ensure that the sector is not privatised.	1. A specific Social Housing Act 2. AHB owned homes to be retained in perpetuity 3. Social Housing Act similar to Austria and France
45	Increase the size of the social and cost-rental housing sectors to 20% of the national housing stock so that these sectors will provide a substantial source of rented housing for lower and middle-income households in future.	1. Merge social housing and cost rental housing into a unified affordable housing based on cost recovery 2. Continue to provide HAP 3. Reform finance and delivery methods to achieve scale required 4. Implement recommendations in full
46	Provide a sustainable financing model for social housing by setting social housing rents at cost recovery rates. This will: a. ensure there is sufficient income to manage and maintain dwellings; b. assist in funding new social housing provision; c. break the link between market rents and social housing rents. To ensure that rents remain affordable, housing allowances should be provided to subsidise tenants who cannot afford to pay full cost rents.	1. Set social rents at cost recovery levels 2. Rents should cover costs of borrowing, construction/ purchase, and land acquisition 3. Means-tested allowance, similar to HAP, for those who cannot afford cost recovery rents 4. Eligibility for allowance to be reviewed every year 5. Care and support housing allowances should be higher to reflect additional costs

No.	Recommendation	Action
47	Reform capital funding of social and cost-rental housing to provide more stable and counter-cyclical funding for these sectors to: a. ensure long-term financial sustainability; b. reduce the volatility of funding for new housing; c. provide long-term reliable capital to fund these sectors. To achieve this: a. the sources of finance for social and cost-rental housing must be diversified; b. reliance on government grants and loans must be reduced and new sources of private and non-profit finance introduced.	1. Introduce new sources of debt finance for capital costs of social housing 2. Expand remit of HFA to act as a debt placement agency 3. Legislate for a revolving fund capitalised by exchequer funding 4. Empower LAs to use LPT to fund delivery of social and cost rental housing 5. Publish details of costs of delivery by different organisations and funding mechanisms
48	Retain and recycle all housing finance, rental income and public subsidies in the social housing system for future housing delivery, management, maintenance and upgrading.	1. Legally require LAs and AHBs to ring-fence and report on all income and expenditure from social housing, with such finance spent solely on social housing provision and associated costs
49	End the system of selling local authority dwellings to tenants at substantial discounts relative to current market value.	1. Social housing should be sold at full market value 2. Make shared equity available to tenants purchasing social housing dwellings 3. Apply these provisions to all new social housing dwellings
50	Increase significantly the output of social and cost-rental housing in cities and the Dublin region to address the particularly high numbers of households in need of housing and those who are homeless. For those with complex needs, provide long-term social support services.	1. Department must remove all barriers to delivery of social housing, especially in cities 2. Target public capital budget for social housing to support identified needs in each LA area

No.	Recommendation	Action
51	Reform the current management structure in local government to strengthen housing delivery, management and maintenance capacity. This should be done by establishing separate arrangements for governing and delivering housing services. This could be achieved by establishing Local Authority Housing Organisations (LAHOs) on a local authority or regional basis.	1. LA social housing delivery should be carried out by LA housing organisations (LAHO) set up by LAs around the country 2. Smaller LAs could collaborate and establish a single LAHO for their needs, which will deliver, manage, and allocate from a common waiting list 3. LAHOs should enable staff to accumulate expertise in all areas of housing 4. Social purposes and role of LAHOs is protected by legislation and prohibit privatisation (see Recommendation 44)
52	Review and streamline the arrangements for approving central capital grants and other public subsidies for social and affordable housing provision by the DHLGH to speed up the approval and payment processes.	1. All AHB capital grant funding and subsidies should be consolidated through the Housing Agency 2. In time, the Housing Agency should also take over allocation of funding to LAs for social housing 3. Department should extend CALF to cost rental and AHB dwellings 4. Department should arrange for annual review and updates for its social and cost rental subsidies to take account of inflation, etc. 5. Annual review should include HAP payments, and income limits for access to social and cost rental housing
53	Reform arrangements for acquiring land for social and cost-rental housing to ensure sufficient supply of appropriately sized social and cost-rental housing, delivered in suitable locations.	1. Enable more active management of public lands for social and cost rental use 2. Address legacy issues in funding schemes 3. Ensure competition for sites for social housing does not inflate land prices 4. LDA must provide land for social and cost rental housing, and publish a strategy for doing so 5. LDA must establish allocation of land procedures that are comprehensive, cost-effective and transparent 6. Empower LDA, in collaboration with LAs, to transfer land not used by State agencies to the LDA, with a report on such activity to follow
54	Centralise arrangements for applying for and allocating social and cost-rental housing and make more extensive use of choice-based lettings.	1. Create and manage single online application portal for social and cost rental housing 2. Immediately implement choice based letting (CBL) across the LA and AHB sectors 3. More proactive management and maintenance of stock to avoid issues of voids and reletting times 4. Retain and actively manage Payment and Availability Agreements with AHBs, which only pay out for a certain period of a vacancy

No.	Recommendation	Action
55	Formulate a strategy on the role, capacity and sustainability of the Approved Housing Body (AHB) sector. The DHLGH should formulate this strategy and set out its vision for the AHB sector, including: a. the role of AHBs in providing social and cost-rental housing and the housing system more broadly; b. building capacity to grow larger AHBs and encourage large new entrants into the sector; c. the necessary provision of regulation and other supports. The strategy should outline a comprehensive plan on how to achieve this vision.	1. Provide framework, support and funding for AHB mergers, including stock purchase 2. Department to decide on expected role of AHBs, dedicated and specialised management and delivery of housing, differentiated funding models for AHBs depending on size, funding of all money for AHB through the Housing Agency – all the while remembering a one-size-fits-all will not suffice 3. Provide funding for renovating or upgrading of stock as part of stock transfers or mergers
56	Legislate to ensure that AHB social housing is provided, retained and let in perpetuity, except in exceptional circumstances.	1. Introduce statutory requirement for AHBs to retain their stock as social housing, unless sale of transfer due to a merger 2. Facilitate discontinuation of mortgages between AHBs and LAs
57	Put measures in place to increase the capacity of the AHB sector and encourage growth of more large AHBs to address concentration risks and enable more delivery.	1. Ensure funding systems support growth and capacity of larger AHBs 2. Develop framework and funding model to support strategic mergers of significant size within the AHB sector (fund to provide cover costs of AHB mergers, funding model to support funding gaps in mergers, not rewarding failing AHBs) 3. Department to examine feasibility of providing funding, and other supports (such as land purchase) 4. Funding model needs to recognise the different sizes of AHBs – smaller AHBs do not have same economies of scale as large AHBs 5. Require larger AHBs to have level of diversity of loan funding 6. Encourage larger and developing AHBs to commission building on their own land 7. Consider how effectively the State and AHB sector can work together to increase social housing delivery

No.	Recommendation	Action
58	Develop a specific plan for smaller and unregistered AHBs.	1. Establish shared services model for small AHBs to support management and maintenance where organisations want to continue 2. Facilitate the merging of organisations, including financial support of required legal advice 3. Provide a clear plan for AHBs that have not registered with AHBRA 4. Request plans from relevant AHBs regarding their stock
59	Enable off-balance-sheet financing of AHB housing.	1. Department to review and amend current systems of funding for larger AHBs to enable AHBs to be recategorised off the State's balance sheet 2. Actively promote provision of cost rental housing by AHBs (to support AHB income)
71	Increase the supply of social housing that better matches the size of homeless households and households in need of social housing.	1. Ensure that new social housing output closely matches the household sizes and needs of people who are homeless, especially by providing one- and two-bed homes and larger, family-sized properties. The social housing delivery programmes of local authorities and AHBs should provide an appropriate share of one- and two-bedroom homes, in line with local needs. 2. Provide an appropriate level of large dwellings to accommodate the relatively small number of large households in need of social housing with five or more bedrooms. This should be a particular focus in urban settings. 3. Develop the Housing Need and Demand Assessment (HNDA) process to identify the requirements in relation to homeless households, including the types and sizes of homes required. 4. Reform the planning and funding approval processes for social housing. This is crucial to ensure that the size of dwellings aligns more closely with actual need. 5. Enable the conversion of larger social homes into smaller homes where appropriate.

No.	Recommendation	Action
74	Implement the National Housing Strategy for Disabled People.	1. Facilitate disabled people to participate in society on an equal basis and to live independent lives in their own homes in the community. 2. Ensure adequate provision of accessible housing for disabled people by setting local, needs-based targets for all social housing providers. 3. Adopt a Universal Design approach to delivering housing for disabled people. 4. Ensure adequate provision of wheelchair liveable housing. 5. Review the maximum grant limits and income thresholds of the Housing Adaptation Grants for disabled people. a. The limits and thresholds should be reviewed in line with construction sector inflation, and expenditure levels should be sufficient to meet increased demand. b. Reform of the scheme should include streamlining the application and decision-making process. 6. Apply Universal Design principles to the wider-built environment to ensure accessibility to all. 7. Enhance monitoring of National Housing Strategy for Disabled People (NHSDP) implementation to ensure timely delivery of the actions and targets contained in the strategy. 8. Facilitate inter-agency collaboration and whole-of-government actions to deliver on the commitments of the NHSDP.

No.	Recommendation	Action
75	Increase the supply of supported social housing and expand provision of care and support services for tenants living in general-needs social housing to meet the needs of disabled people and an ageing population of renters.	1. Deliver suitable housing for disabled people in conjunction with the necessary support services to facilitate independent living. 2. Review the Capital Assistance Scheme and ensure that it is adequately funded. a. Increase funding under the scheme to meet current levels of unmet demand and expected future increases. b. Identify and eliminate barriers to the take-up of this funding. c. Increase supply of accessible housing for disabled people. 3. Build capacity within the AHB sector to increase delivery of housing for disabled people. 4. Reform funding structures to provide greater flexibility to the AHB sector to access funding to invest in housing for disabled people. 5. Enable local authorities and AHBs to charge higher cost rents to cover the additional costs of providing or commissioning care and support services for social housing tenants. Tenants in receipt of care and support services would therefore receive a higher subsidy to cover this higher rent. This should enable local authorities and AHBs to accommodate more tenants with support needs in mainstream social housing and to ensure that tenants who require support needs can remain living in their homes.
76	Address the housing needs of people as they age, recognising that we have an ageing population.	1. Facilitate older people to continue to live in their homes and in their communities. This should include investment in the adaptation of existing housing stock where appropriate, as well as investment in new age-friendly housing. 2. Ensure adequate availability of age-friendly homes to provide appropriate housing options for older people. Increase investment through local authorities and the AHB sector to supply accessible housing stock to meet the housing needs of older people, having regard to current and future demographic change. 3. Enable rightsizing through increased investment in age-friendly housing and the introduction of additional incentives in this area. 4. Develop a dedicated policy response to the issue of bridging finance to enable rightsizing. 5. Support the adoption of Universal Design housing to meet the specific housing needs of older people. An appropriate percentage of new homes should conform to these standards.

Financial Modeling

Preliminary modelling indicates that continuing with the current funding structures for the AHB sector—particularly under high delivery scenarios—may pose long-term sustainability challenges for the broader social and affordable housing system. These estimates are illustrative only and would require more detailed analysis, but initial indications include:

1. **Increased Debt and Balance Sheet Pressures:** AHBs could accumulate substantially higher levels of debt, which may be recorded on the State's balance sheet due to their current classification.
2. **Significant Long-Term State Commitments:** Payment and Availability (P&A) arrangements might lead to large current expenditure obligations for lifecycle maintenance, operational costs, and borrowing repayments over time.
3. **Management Complexity for Volunteer Boards:** As AHBs grow, they may hold increasingly large cash balances to cover future debts and maintenance. Oversight of these funds could present a considerable challenge for volunteer-led boards.
4. **Deferred Maintenance and Contingent Liabilities:** Older stock funded through CAS and CLSS could face escalating maintenance backlogs, heightening the risk of obsolescence and reducing overall housing quality.
5. **Potential "Leakage" of Funds and Assets:** Some properties might be sold or leased at market rates to address funding gaps, reducing the social housing stock. There is also a risk that debt repayments will not be reinvested into new housing, further depleting resources within the sector.
6. **Underfunding of Specialist Housing:** Lack of adequate funding for Care & Support services could lead to higher social care costs, including increased reliance on acute services and institutional care.
7. **Climate and Sustainability Shortfalls:** Without sufficient investment, AHBs may struggle to meet retrofitting targets, potentially resulting in missed climate goals and suboptimal tenant outcomes.

Overall, these early insights suggest that maintaining current funding practices, especially at higher volumes of delivery, may not align with the goal of developing a sustainable, self-sufficient public housing system. Achieving the longer-term vision—where incomes exceed costs, debt levels are manageable, and funding recirculates perpetually—would likely require revised funding strategies and additional safeguards.

Modeling Assumption

Prior to three financial workshops convened under the AHB Strategic Forum, preliminary scenario-based modelling was carried out by the ICSH to explore potential future financing needs for the sector.

These assumptions are for illustrative purposes only and would require more detailed validation. Key points include:

1. **Targeting a Significant Proportion of Social/Affordable Housing:** In line with a proposed goal that a sizable share of the country's housing stock be allocated to social or affordable provision over a set period (e.g., 20 years).
2. **Projected Growth in Overall Housing Stock:** The modelling posits a substantial increase in total dwellings by a specified future date, reflecting ongoing construction trends and potential policy targets.
3. **Scale of Required Social/Affordable Expansion:** Achieving the targeted social/affordable percentage implies adding a large number of units.
4. **AHB Delivery Share:** The scenario assumes that AHBs could be responsible for delivering a significant portion—potentially half—of the additional social and affordable housing required, prompting a review of the sector's long-term financing capacity.

These assumptions served as a broad framework for discussing potential financing challenges and opportunities. Further in-depth analysis would be needed to refine projections, assess feasibility, and explore funding mechanisms.



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