



## **Simon Communities Analysis of Budget 2014**

**October 2013**

### **Introduction**

The Simon Communities in our Pre Budget Submission called for action on three fronts to achieve the goal of ending long term homelessness and the need to sleep rough by 2016 - access to housing; access to support in housing; and action to prevent homelessness. It must be remembered that Budget 2014 is the seventh austerity budget in a row thus the cumulative effect of cuts and reductions in spending cannot be underestimated.

We specifically asked the Government not to cut the Homeless Budget at the very minimum, and if possible to restore the homeless budget to 2012 levels. The Simon Communities welcomes that the Homeless Budget was maintained at 2013 levels and also welcomes the €30 million housing stimulus package. This is however limited as the number of people becoming homeless and at risk of homelessness continues to rise and there are over 100,000 households on the social housing waiting list. Critically, there is no mention of ringfencing of a portion of any such social housing for people moving out of homelessness. This is not sufficient to address the homeless crisis. For people who are homeless or at risk of becoming homeless, access to appropriate housing and support is absolutely vital.

Below we outline the key elements within Budget 2014, known to date, which we feel will impact on people who are currently homeless and people who are at risk of homelessness. We draw your attention to the following areas of heightened concern:

- Housing Supply specifically the absence of targeting/prioritising people who are homeless.
- Age Related Social Welfare cuts increasing the vulnerability of those under 25 years to homelessness but also creating greater hardships amongst this cohort for those who are already homeless.
- Provision of supports in housing specifically health, mental health and the drug initiative budgets.
- Other measures increasing vulnerability, risk of homelessness and preventing people from moving out of homelessness.

## **1. Housing supply and homeless budget**

In our Pre Budget Submission (PBS) we highlighted the fact that the Government has committed to ending long term homelessness by 2016 using a housing-led approach. We outlined that the achievement of this goal is dependent on the availability of suitable housing with support. It requires more than just housing, those with higher support needs must have the option of accessing appropriate support, as necessary, including housing support and health and social care support based on need.

***Housing Budget:*** The housing budget for 2014 is almost 70% of the total DECLG budget of €766 million, which equates to approximately €536 million. It is expected that in excess of 4,500 units will be provided in 2014 through leasing and existing housing capital programmes and up to 2,500 units will be transferred under the Rental Accommodation Scheme. Capital funding for social housing has been reduced by nearly 80% since 2008<sup>1</sup>. Of that €30 million will be invested in social housing construction and addressing voids yet there are 100, 000 households on the social housing waiting list. €15 million of this investment will go towards the construction of new developments in areas with the highest demand for social housing. The other €15 million will be invested in bringing long-term vacant units back into social use. This additional investment is expected to yield approximately 500 new homes. Although welcome, it is limited and is not enough to meet the increase in the number of people becoming homeless and those on the social housing waiting lists. Although all additional units are welcome, this will only address the needs of approximately 5% of those families and individuals on Social Housing waiting list. The Government must make a long term commitment, to increase the amount of social housing as a proportion of overall housing from 7% currently to the western European average of 20%. A substantial stock of social housing for single persons needs to be included in this. In addition, there is no mention of ringfencing of a portion of any such social housing or prioritisation of for people moving out of homelessness.

**NAMA:** The Government project that some of the estimated 4,500 units that will be provided for social housing will come from NAMA transfers. Since the establishment of NAMA the transfer process of units to social housing has been extremely slow. It was announced in Budget 2013 that an additional €10m was allocated to the DECLG for the delivery of NAMA units for social housing. However, by end of June 2013, there were only 443 units completed/contracted out of 1,900 that were deemed suitable by NAMA<sup>2</sup>. Improvements need to be made on how units are being transferred and should be done in a timelier manner. No indication of how many units would be ring-fenced for people moving out of homelessness is given. We continue to call for urgent action on the NAMA ‘social dividend’ and recommend that 20% of NAMA units are ring fenced for people moving out of homelessness. The units must be of adequate quality in areas where other supports are readily available to ensure an effective ‘housing-led approach’.

---

<sup>1</sup> <http://www.icsh.ie/content/icsh-news/housing-federation-welcomes-publication-regulation-code-non-profit-housing-bodies>

<sup>2</sup>

<http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/dail2013100800069?opendocument#WRS03050>

***Homeless Budget:*** The Minister for Housing and Planning, Jan O’Sullivan announced that the homeless budget for 2014 will be maintained at 2013 levels at €45 million. We very much welcome no further cuts were made to the homeless budget and the restatement of the commitment by the Government to ending long-term homelessness. However, the 2013 cuts being implemented by Local Authorities are only coming into force now and are disproportionate across the country. This comes at a time when the number of people using homeless services continues to increase. There was a 28% increase in the number of people sleeping rough in the Dublin region in April 2013, when 94 people were confirmed as sleeping rough. We have to continue to do more and more with fewer resources.

***Social Impact Investment Initiative:*** This initiative will be set up as a pilot scheme in the Dublin region to move more than 130 families who are homeless out of emergency accommodation into sustainable long-term tenancies. We welcome any initiative which introduces housing supply however, this initiative has been extremely slow to come about and the dates for the roll-out have yet to be confirmed. The scheme will be financed by private sector investors. More information is needed on workings of the scheme, when the department propose to commence the scheme and if the scheme will be extended to single people who are homeless and outside the Dublin region. In addition, the incentives and returns to private investors should also be outlined. With this approach we would be concerned that, down the line there might be a shift away from investing in much-needed social services to a focus the return for investors. The State has very clear responsibilities in this area which are set out in legislation and they must remain a key player

## **2. Age-Related Social Welfare**

In our PBS we highlighted the fact that those on Age-Related Social welfare payments are finding it extremely difficult to survive on this reduced income and are more at risk of becoming homeless, being on such low incomes and struggling to pay for basic necessities along with rent. The extension of the Age-related jobseekers allowance, as part of Budget 2014, to those under-25 means that from January 2014 people without children between the ages of 18-24 will receive €100 per week job-seekers allowance, while those aged 25 will receive €144. Those in this age cohort who participate in the ‘Back to Education’ allowance scheme will receive €160.

It is suggested that the extension of the age group is to encourage people to return to training/education, a ‘learning or earning’ approach. However, although the number of places on such schemes will be increased, they will still not be sufficient to accommodate the large numbers of young people on the live register and there is still no guarantee of employment once training is completed. It will push more young people into hardship, especially vulnerable young people and will encourage emigration and further ‘brain drain’. In addition, this approach makes a lot of assumptions – that young people live in the family home, that have the choice to remain in the family home and that this is a safe and secure environment. Research looking at the pathways into homelessness highlights the links between family breakdown, violence in the home and a history of

the care system as key predictive factors for adult homelessness. Such cuts further marginalise such young people and increase the risks of homelessness. This will cause young people to become homeless and prevent young people from moving out of homelessness. People under 25 years in emergency accommodation will find it difficult to 'make ends meet' and may not be able to keep up hostel payments or they may remain there longer as it will be impossible to save for deposit. We call for the immediate reversal of this cut and in the interim a 'safety net' or exemption for young people in such situations.

### **3. Health**

In our Pre Budget Submission we highlighted that critical to a housing led approach is tackling poor health and wellbeing, loneliness and isolation, problematic drug and/or alcohol use and unemployment. Ensuring the availability of adequate services can help people move out of homelessness and also prevent homelessness from occurring in the first place. We argued that further cuts to funding to the voluntary sector working with people who are homeless should be avoided to ensure effective services are available to the people who need them, when they need them. Demand for our services continues to rise; we are well beyond the point of being able to do more with less. Housing alone is inadequate to addressing the needs of people long term homeless. Approaches that maximise independence while providing support for as long as is needed offer the most effective approach to ending homelessness.

***HSE Budget:*** The details of the HSE budget have not been announced as yet. However, we do know that savings and cuts of approximately €666 million will have to be made in the next year which Health Minister James Reilly has acknowledged will be 'massively challenging'<sup>3</sup>. It is essential that there are no further cuts to the HSE 'social inclusion' budget. Demand for services has increased in the backdrop of continuous cuts since 2008. We ask that the HSE 'social inclusion' budget is protected and in particular the homeless budget within that.

***General Health:*** The 2014 provision for the health services is €13.660 billion (including €397 million in capital expenditure) and savings measures amounting to €666 million. There will also be a net reduction of 2,600 in the number of workers in the health system.

***Mental Health:*** The allocation of €20 million for Community Mental Health Services is welcome however in our PBS we highlighted that the full development of Community Mental Health Services needed to continue and that it was vital that the €35 million committed to in the Programme for Government was allocated in 2014 and spent on appropriate posts immediately. The filling of posts in mental health services continues to be a real issue with the 477 posts as promised in Budget 2013 still not filled<sup>4</sup>. Mental Health Services continue to be under great strain with reduced staff numbers

---

<sup>3</sup> <http://www.irishhealth.com/article.html?id=22755> retrieved 17/10/2013

<sup>4</sup> <http://www.mentalhealthreform.ie/blog/guarded-welcome-for-budget-allocation-for-mental-health-services/> retrieved 17/10/2013

and we are concerned that the €20 million will not go far enough to allow for the full implementation of *A Vision for Change*.

***The Drug Initiative:*** In our PBS we highlighted that there has been a rapid growth in opiate use amongst people who are homeless, especially outside of Dublin. In addition, problematic alcohol use continues to be an issue. It is vital that sufficient supports are in place aimed at reducing drug and alcohol related harm and offering pathways to treatment nationwide. Unfortunately, the Department of Health announced as part of Budget 2014 a 7% cut in the Drug Initiative. This fund, which goes to drug projects, has been cut by €2 million to €27.95m for 2014. This funding has been cut year on year since 2008 with up to a 40% cut since 2008<sup>5</sup>.

***Medical Cards:*** The Government seeks to save €113 million from a review of all medical cards to remove any 'redundant or ineligible' cards. There are real fears that cards may be removed from people who really need them. As more people u-25 will now be on the lower payment, their medical cards need to be protected. We also ask that medical cards for people who are homeless are protected given the high levels of multiple needs (complex needs) amongst this group.

***Prescription charges for medical card holders:*** In our PBS we highlighted our concerns about the imposition of increased prescription charges in 2013 and asked that they be reversed. However, charges for medical card holders have unfortunately increased again in Budget 2014 by €1 from €1.50 per item to €2.50 per item. This is a 66% increase in the cost of prescription and will have the most impact on people who are most vulnerable in our society. A report published in 2010 by the *Expert Group on Resource Allocation and Financing in the Health Sector*, recommended that such prescription charges not be imposed on medical card holders as they act as a disincentive to people who are vulnerable and elderly people from seeking the medical attention they need<sup>6</sup>.

#### **4. Other measures increasing vulnerability, risk of homelessness and preventing people from moving out of homelessness**

In our PBS we highlighted that resources must not be diverted away from people who are 'poor and vulnerable', whom this government has consistently pledged to protect; people who are homeless or at risk of homelessness fall into this category. Here we focussed on Prevention and Early Intervention and Basic Social Welfare rates. Prevention and Early Intervention are critical to addressing homelessness effectively moreover they are also cost-effective.

€19.6 billion will be spent on Social Protection in 2014. This is a reduction from last year's budget of €20.26 billion, a reduction of €660 million. The reduction of Jobseekers Allowance as mentioned for

---

<sup>5</sup> <http://www.irishexaminer.com/ireland/excise-hikes-on-alcohol-punitive-and-short-sighted-246527.html>

<sup>6</sup> Social Justice Ireland Budget 2013 Analysis and Critique

<http://www.socialjustice.ie/sites/default/files/file/Budget/Budget%202013%20Analysis%20and%20Critique.pdf>

those under-25, will now put more young people at greater risk of homelessness and prevent them from moving out of homelessness.

**Rent Supplement Contribution:** In our PBS we highlight the fact that the difficulty in finding accommodation within rent limits along with the challenge of having a deposit plus one month's rent in advance is a barrier for people moving out of emergency accommodation and is also a barrier for the Government in achieving their goal of ending long-term homelessness by 2016.

Although the rent supplement weekly contribution was left unchanged for single people, it will be increased for couples by €5, from €35 to €40 per week. The government must be committed to supporting all household types to move out of homelessness. This change will put increased pressure on low income couples to 'top up' out of scarce resources rendering tenancies vulnerable increasing homeless risk and will prevent some couples moving out of homelessness.

**Mortgage Interest Supplement:** It was announced in the budget that the Mortgage Interest Supplement scheme will be closed to new applicants and will be wound down for existing recipients over a four year period from January 2014. The number of people claiming Mortgage Interest Supplement (MIS) up to May 2013 was approximately 13,000<sup>7</sup>. The number of people dependent on Mortgage Interest Supplement increased since the property crash, and has been a safety net for people in some case prevention them from losing their homes. With the number of residential properties in mortgage arrears for 90 days or more continuing to increase every quarter (12.7% in Q2), there is higher risk amongst people dependent on this payment. This will render more households unstable.

**Local Property Tax:** Homeowners have to pay the Local Property Tax, introduced in Budget 2013, for the full year for the first time in 2014 so in fact the real impact will only be felt in 2014. This tax is a regressive tax; it is assessed on value of property and not on the individuals' ability to pay. There are many households in negative equity, with members who are unemployed or are on low incomes and are already struggling to pay mortgages liable for this tax. This will erode the tight incomes of many households who are already struggling financially.

**Household Benefits Package:** In our PBS we highlighted that fuel poverty is on the increase and people are forced into making difficult choices e.g. whether to purchase basic necessities or heat their home. 41% of adults at some point during 2012 were forced to sacrifice spending on other household items to pay energy bills. Of that 41%, 34% sacrificed spending on food, 13% on utilities, 9% on clothing and 5% on healthcare.<sup>8</sup> Although no changes were made to the Fuel Allowance,

---

<sup>7</sup> Estimate figure from Dáil Debate 29<sup>th</sup> May 2013

<http://oireachtasdebates.oireachtas.ie/debates%20authoring/DebatesWebPack.nsf/takes/dail2013052900084?opendocument&highlight=Numbers%20in%20receipt%20of%20Mortgage%20Interest%20Supplement>  
<http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/takes/dail2012111300073#WRR01750>

<sup>8</sup> Irish League of Credit Unions 'What's Left' Tracker for Q4 2012 [www.creditunion.ie](http://www.creditunion.ie)

Free Travel, Free TV Licence or Electricity/Gas Allowance, people dependant on social welfare and those on low income continue to struggle with paying these bills. The increase in carbon tax on solid fuels, a measure from Budget 2013, was introduced in May 2013. As a result of the good weather during the summer months, the real impact of this increase is only being felt by many now and in the Winter months to come. Electricity and Gas Allowance was reduced in last year's budget but the price of these goods continues to increase, with new price increases introduced in October 2013. The most vulnerable people in our society will continue to struggle with fuel poverty as a result of this.

The removal of the telephone allowance for all new and existing recipients is of great concern for older people and those living in isolation who are very much reliant on it as an only means of communication and for personal alarms. This will particularly impact on those living in isolated rural areas.

***Child Benefit:*** Although there were no changes in Child Benefit, the reduction of €10 for the fourth and subsequent child announced in last years budget comes into effect from January 2014. Again, this will impact on the most vulnerable families who depend heavily on Children's Allowance.

### **Education and Training**

In our PBS we highlighted that even with the challenges in the current economic climate, people who are homeless have been supported to gain qualifications and consequently secure jobs and housing. We argued that cuts to back to education allowances and reduction in the funding for some training courses were making it more difficult for young people to take up courses as doing so may in fact be leaving them worse off. We also drew attention to the fact that the availability of such training/work schemes are not sufficient to meet the number of young people on the live register.

The Government announced that job creation and initiatives' were at the core of this Budget. However, with 13.7% of the population unemployed, this will be difficult to achieve. Long-term unemployment now accounts for 58% of all those unemployed. The announcements made in the budget will not provide sufficient opportunities or all who need them. Although the number of places on back to work schemes was increased, there is still no guarantee of full-time employment for people once completed.

***Back to Education Allowance:*** We asked in our PBS submission for a reversal of the decision from last year's budget on the discontinuation of the 'Back to Education Allowance' (€300). This was a vital resource for young people returning to college as it helped cover the initial cost of going back to college encouraging young people into college. Young people under 25 will have their basic allowance of €100 or €144 (for 25 year olds) increased to €160 per week if they take up a place on a training or education programme. These people will continue to struggle to survive on a weekly basis and cover the cost of getting to and from college/training.

***Increased Places on Training Schemes:*** Spending on schemes such as CE schemes, Tus and Jobbridge will increase by almost €85 million to €1.08 billion to tackle youth unemployment. There will be an additional 1,500 for young people on the JobBridge scheme, reduction on the threshold for JobsPlus eligibility to 6 months or less for people aged under 25. The DSP aims to ensure that 1,000 places on the TUS scheme are targeted at young people. A minimum of 2,000 additional training places on Momentum will be ring-fenced for under-25's. It is also proposed that a pilot programme will be developed to support young unemployed people to take up job opportunities under schemes such as 'Your First EURES Job'. This scheme entitles young people to take up job schemes in other EU countries where they are paid by the company they work for.

Although, these extra places on schemes are all welcome, they are still not sufficient to accommodate the large number of people off the live register. These education and training courses need to be of high quality and targeting industries where there are employment opportunities to create real 'pathways' to quality, sustainable employment. They should not just be a way of taking people off the live register for periods of time which may give impression that the unemployment rate/youth unemployment rate is reducing.

***Third-Level Student Contribution:*** As outlined in last year's budget, registration fees for third level students will increase again by €250 per student. The CSO census figures released in September 2012 showed that 7% or 218 persons who were homeless were students. This extra registration cost will impact most on students from lower income families and people returning to education. In addition, it will force some, if not many, to discontinue their education, reducing their chances of employment and gaining entry to other training programmes.

## **Conclusion**

The Government has committed to ending long term homelessness by 2016 using a housing led approach. The Simon Communities are very supportive of this commitment and firmly believe that with sufficient resources, political will and national direction this can be achieved. In fact, it must be achieved. The prolonged economic crisis means more people are at risk of homelessness, more people are becoming homeless and more people are turning to the Simon Communities for support. For many, the social welfare safety net is the only thing standing between them and homelessness.

The summary above outlines the impact that changes made in Budget 2014 will have on people who use Simon Communities services and other vulnerable groups in society. The measures outlined are just not enough to address the homeless crisis. The budget continues to be regressive, impacting most on the vulnerable, especially the elderly and the young unemployed. More young people will continue to struggle to survive and those people who are homeless will remain longer in services as it will be more difficult to move out of homelessness. It may actually increase numbers rough sleeping.



For people who are homeless or at risk of becoming homeless, access to appropriate housing and support is absolutely vital. The housing stimulus package, although welcome, will not support sufficient numbers of people to move out of homelessness or reduce the number of people on housing waiting lists by a significant amount. The commitment of the Government to ending long term homelessness by 2016 cannot be fulfilled without access to housing and support in housing and sustained political will. We may be exiting the bailout but the lag effect of short sighted austerity measures still have a huge impact on the people who are most vulnerable in our society in particular people who are homeless and at risk of homelessness.

## Appendix

### **Context**

CSO figures released in September 2012 indicated that 3,808 people were either counted in accommodation providing shelter for people who are homeless or sleeping rough on Census Night April 11th 2011, of those 3,808 people, 1,648 or 43% were in emergency accommodation. This is a minimum figure and things have deteriorated significantly since April 2011. In April 2013, Dublin Regional Homeless Executive confirmed 94 people were counted as sleeping rough in Dublin on the night the count took place. This is an increase of 28% from the same time in 2012. The Simon Communities in Ireland work with between 4,500 and 5,000 people annually who are homeless or are at risk of homelessness across the country.

### **Homeless Risk Factors – what we know**

- CSO figures in 2011 indicated that **3,808 people** were counted in accommodation providing shelter for people who are homeless or sleeping rough. This is a minimum figure.
- In April 2013, Dublin Regional Homeless Executive confirmed **94 people** were counted as sleeping rough in Dublin a 28% increase on the same period in 2012. This is a minimum figure.
- There are **over 100 thousand families and individuals** on the social housing waiting list.
- **The number of properties available to rent has decreased since 2011. Rents have further increased** since 2011, with the latest Daft Report for Q2 2013 reporting that rents nationally were 4.2% higher on average than same period in 2012. This was also the fourth quarter of continuous growth in rent with rents rising by an average of 1.3% quarter-on-quarter. The number of properties available as of the 1<sup>st</sup> August 2013 are one-third less than this time 2012<sup>9</sup>.
- The number of people who are in receipt of rent supplement remains high at **86, 879** despite changes in eligibility (meaning less people are eligible). Since 2005 the number of people in receipt of Rent Supplement has increased by approximately 50% to the first three months of 2013.
- In 2011, **16% of people in Ireland were at risk of poverty**, this is an increase from 14.7% in 2010<sup>10</sup>.
- There have been increases in deprivation amongst those NOT at risk of poverty. The deprivation rate among this group increased to **21% in 2011 compared to 13.7% in 2009**. Since 2007, this rate has more than doubled.
- There has been a **continued decrease in people's levels of disposable income**. From the beginning of 2011 to end of 2012, there was a 13% increase in the number of people that have nothing left of their income when all essential bills are paid. Mortgage and rent continue to be the most expensive bills for majority of people, with groceries and utilities the next two most expensive.
- The Household Budget Survey for 2009-2010, published in 2012, shows that **household weekly expenditure on housing has increased from €94.51 or 12% to €147.73 or 18%** since the previous study in 2004-2005<sup>11</sup>. This was the first time that spending on housing exceeded that for food.

---

<sup>9</sup> <http://www.daft.ie/report/Daft-Rental-Report-Q2-2013.pdf?v=1>

<sup>10</sup> CSO SILC Report 2011

<sup>11</sup> <http://www.cso.ie/en/media/csoie/releasespublications/documents/housing/2010/full.pdf>

- **Fuel poverty is on the increase** and people are making difficult choices. 41% of adults at some point during 2012 were forced to sacrifice spending on other household items to pay energy bills. Of that 41%, 34% sacrificed spending on food, 13% on utilities, 9% on clothing and 5% on healthcare.<sup>12</sup>
- The number of people who are long-term unemployed is of great concern. This has remained at about **60% throughout 2012 and into 2013**<sup>13</sup>. It is more difficult for a person who is long-term unemployed to return to the workforce, needing more assistance and possible re-training to achieve.

### Simon Communities in Ireland

The Simon Communities throughout Ireland provide the best possible care, accommodation and support for people experiencing homelessness and those at risk. Together, with people who are homeless, we tackle the root causes, promote innovative responses and urge the government to fulfil their commitments. Simon delivers support and service to between 4,500 and 5,000 individuals and families throughout Ireland who experience – or are at risk of – homelessness. The Simon Communities of Ireland is an affiliation of independent Communities in Cork, Dublin, Dundalk, Galway, the Midlands, the Mid West, the North West and the South East.

Services range from

- **Housing provision, tenancy sustainment & settlement services, housing advice & information services** helping people to make the move out of homelessness & working with households at risk;
- **Specialist health & treatment services** addressing some of the issues which may have contributed to homelessness occurring or may be a consequence;
- **Emergency accommodation & support** providing people with a place of welcome, warmth & safety;
- **Soup runs & rough sleeper teams** who are often the first point of contact for people sleeping rough.

#### For further information contact

Niamh Randall

Head of Policy and Communications

E: [niamh@simoncommunity.com](mailto:niamh@simoncommunity.com)

Ph: 085 8588 384

<sup>12</sup> Irish League of Credit Unions 'What's Left' Tracker for Q4 2012 [www.creditunion.ie](http://www.creditunion.ie)

<sup>13</sup> Although the rate of long-term unemployment decreased from 9.2% to 8.1% over the year to Q2 2013, 58.2% of those unemployed are long-term. [http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2013/qnhs\\_q22013.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2013/qnhs_q22013.pdf)