



22 June 2016

Circular: Housing 29/2016

To each Director of Service (Housing)

### **Capital Assistance Scheme 'Call for Proposals 2016'**

Dear Director,

The Department is now accepting applications for capital funding for the delivery through either the construction or acquisition of housing accommodation to cater for the priority groups under the Capital Assistance Scheme (CAS) such as homeless persons, elderly, people with a disability with a particular emphasis, but not exclusively, on moving people with a disability from a congregated setting into community based living.

Memorandum VHU 2/02 on voluntary and co-operative funding schemes makes clear that the CAS is not intended for the provision of residential care or nursing home type accommodation and that remains the case. However, Supplementary Guidance for the Provision of Housing for People with Disabilities as set out in Circular: Housing 45/2015 dated 21 December 2015 identifies the specific requirements through which the provision of housing for people with disabilities, including those moving out of congregated settings, can be appropriately met under the CAS.

In order to progress implementation of the National Housing Strategy for People with a Disability (NHSPwD) 2011-2016, which supports the Government's deinstitutionalisation policy, the Department proposes to allocate ring-fenced funding of €10m from the 2016 CAS budget specifically to provide accommodation for people with a disability moving from a congregated setting into community based living. In order to maximise effectiveness and full expenditure in 2016, this ring-fenced funding will support the **acquisition of properties** that will facilitate this transition.

Circular 45/2015 provides that Approved Housing Bodies (AHBs) and service providers will be required to adhere to the Guiding Principles and Specific Requirements set out therein. In particular, AHBs and service providers will be required to engage with housing authorities and the HSE in developing proposals that will support people with disabilities to move out of congregated settings and will be required to include certification to this effect when submitting proposals to local authorities (LAs). Only applications that include certification from both parties, in accordance with paragraph 1 of the Specific Requirements of Circular 45/2015, should be considered by LAs. LAs must confirm to the Department that appropriate certification has been received in respect of every proposal submitted.

### **Acquisition of Units**

Funding is available to AHBs in 2016 for the acquisition of new and previously owned houses/apartments to meet the needs of the CAS target groups and as stated €10 million has been ring-fenced specifically for people transitioning from a congregated setting. There is no specific deadline proposed for the submission of applications in relation to acquisitions under this Circular. However, given the high level of commitments carried forward into 2016 in respect of “acquisitions” approved in 2015, there may not be sufficient funding available to carry forward any uncompleted acquisitions undertaken in 2016 into 2017. Therefore, the funding on offer is available on the basis that it must be drawn down by end of November 2016 at the latest.

In an effort to streamline the process, the funding approach to the acquisition of properties under CAS will align with the arrangements issued to each local authority (LA) in Circular Housing 24/2015. Therefore, LAs can now use the delegated sanction provided to them in that Circular to approve the acquisition of units by AHBs without the prior approval of the Department, subject to compliance with the terms of that Circular with particular regard to verifying housing need, providing independent valuations, working within the acquisition ceilings and establishing deliverability in 2016 (where funding must be drawn down by end-November 2016).

In general, adaptations costs should not arise in the provision of accommodation for homeless persons, elderly, etc. The Department does recognise that in some instances, adaptations may prove necessary to bring accommodation into suitable condition, particularly in the case of providing accommodation for people who have specific needs. Where it is expected that adaptation works will be required and the cost of same will result in the acquisition thresholds being **exceeded, prior approval of the Department will be required.** In seeking the prior approval of the Department, a short submission detailing the purchase price and a breakdown of the adaptation works required including associated costs should be provided to the Department. The Department will provide reasonable costs on the basis that the adaptations are validated as being necessary through an Occupational Therapist report for example and will aim to assess these as quickly as possible and issue approval or otherwise shortly thereafter. Any unapproved costs incurred by an AHB will not be the responsibility of the Department.

Please note that in identifying a property for purchase as a social housing unit, we would like to clarify and be clear that there is not a specific requirement to purchase units with a C1 BER rating. The C1 BER rating referred to in Circular 24/2015 was there to show that the acquisition cost guidelines were designed on the basis of a property having a C1 BER rating. So for example, if a property has a greater or lesser BER rating, the price a local authority might consider paying for a property should reflect this.

### **Drawdown of funding for acquisitions**

Department of Public Expenditure and Reform Circular 13/2014 (published September 2014 – see <http://circulars.gov.ie/pdf/circular/per/2014/13.pdf>) aims to ensure that all Exchequer funds, regardless of the method of distribution, are accounted for and managed properly. In line with that circular, the Department can only release grant funding to LAs based on vouched expenditure, i.e. that which has already been incurred and can be vouched for. Therefore, to drawdown funding for the acquisition of a property under CAS, the following information must be submitted to the Department:

1. Fully completed and certified CAS 2 and CAS 3 Forms;
2. Full independent valuation for the property carried out by a suitably qualified practitioner (not a drive by valuation);
3. Confirmation that a contract of sale has been “signed” and the date that the sale was “closed”; and
4. Confirmation that the full purchase price for the property has been “released”.

Where the prospective tenant of the property in transitioning from a congregated setting, LAs should submit the supplementary information contained in Appendix 1 attached to this circular including confirmation that the Guiding Principles and Specific Requirements (as per Circular: Housing 45/2015) have been agreed and are in place.

Where adaptation works are carried out on a property, a schedule of these works including a breakdown of the costs must be submitted to the Department at recoupment stage. LAs should ensure that a contract of sale has been signed and that the sale is “closed” before submitting requests to the Department for funding drawdown.

### **Construction of new units**

Proposals for the construction of new units are also being accepted to cater for all target groups under CAS. Such proposals will be accepted from LAs on a ‘rolling basis’ up to end-November 2016, this will allow time for AHBs to develop good quality proposals and not be constrained by tight deadline dates. Having regard both to the necessity to promote sustainable communities and to foster mixed tenure developments, and for ease of delivery, construction proposals are invited for moderate scale developments e.g. 5 - 20 dwellings, except in larger urban areas, where larger developments may be appropriate.

Please note that Circular: Housing 45/2015 sets out guidance and specific criteria for the provision of housing for people with disabilities and should be consulted, as appropriate: i.e. housing must be on a domestic scale, located in the community and have no more than four residents; housing arrangements must be dispersed in independent units and scattered throughout mixed residential neighbourhoods amongst the rest of the population. Campus-style housing, clustering or grouping of housing for people with disabilities, including those with mental health difficulties, will not be eligible for CAS funding. (As noted previously, proposals for providing accommodation specifically for persons with a disability moving from a congregated setting using 2016 ring-fenced funding for this purpose will be supported through acquisition of properties).

In line with the application to CAS construction projects of the four-stage approval process under the Capital Works Management Framework (CWMF), an initial proposal from a LA/AHB for a CAS construction project need only be a ‘Stage 1 Capital Appraisal’. Previously some AHBs submitted comprehensive proposals at initial stage, so the requirement now for a Capital Appraisal may be a change to previous approaches and AHBs and LAs are asked to note this.

A significant amount of previously approved CAS construction projects remain to be advanced which raises concerns about adding new construction projects to the pipeline. Therefore, LAs should satisfy themselves that capacity exists on the part of an AHB to undertake new construction projects if there

are already approved construction projects that are not yet well advanced. LAs should also clarify with the AHBs the timelines for progressing both the existing projects and the new proposals. New construction projects should only be prioritised and approved by LAs if they can be delivered in a reasonable timeframe.

Given the many benefits that can be achieved through the remediation or restoration of privately owned properties that may be in poor condition, CAS construction proposals can be accepted that deliver new units through this approach. In particular, suitable projects in city/town/village centres that make use of vacant or derelict properties can be suitable locations for social housing where there are adjacent services. While such projects can involve acquisition followed by remediation, they should be treated as 'construction' proposals rather than 'acquisitions' wherever the level of remediation/construction work is likely to be a significant cost in the delivery of the unit. There is recognition on the Department's behalf that such a delivery mechanism can involve additional costs; where this is a feature, the Department will consider proposals that deliver value for money in the context of the 'unit construction costs' (UCCs) for the house-type/area and also deliver on a broader aim of improving or refreshing an area.

### **Action now required**

The Irish Council for Social Housing and Co-operative Housing Ireland will alert affiliated AHBs to this 'Call'. LAs should alert AHBs to the "Call" requesting them to submit:

- ✓ new CAS construction and acquisitions proposals specifically for the provision of accommodation to meet the needs of all the target groups under CAS;
- ✓ acquisition proposals specifically for the provision of accommodation to support people with a disability to move from a congregated setting into community based living.

In working to identify the nature and extent of housing needs for people with specific accommodation requirements within their administrative areas, LAs should consult appropriately with local inter-agency/co-ordinating groups that deal with issues straddling housing and special need, such as the Housing and Disability Steering Groups, and should have regard to national policies and guidelines, including the National Housing Strategy for People with a Disability 2011-2016. Where accommodation is being provided for people with a disability, LAs should ensure that the certification requirements set out in Housing: Circular 45/2015 (No. 1 of Specific Requirements) are made known to all relevant stakeholders at the outset.

Proposals should in all cases reflect actual housing need as identified in the latest Housing Needs Assessment, and should be cost effective and sustainable. In issuing a Call for Proposals locally, authorities should identify the accommodation requirements and location and category of need within their area. AHBs should be requested to identify suitable properties/sites and in respect to construction schemes complete a preliminary appraisal with sufficient information to enable the LAs to assess the project, templates issued to LAs in January 2009 refer.

### **Submission of Proposals to the Department**

As outlined above, construction proposals will be accepted from LAs on a 'rolling basis' up to end-November 2016. In regard to acquisitions, the funding on offer is available on the basis that it must be

drawn down by end of November 2016 at the latest. Therefore, LAs can submit proposals to the Department for both construction and acquisitions for consideration for funding or, in the case of the delegated sanction for acquisitions, a CAS 2 and 3 for the drawdown of funding. The criteria to be used by LAs in assessing the proposals to be submitted should include:

1. The extent to which the proposals address the housing need as identified in the HNA (the HNA of a person with a disability should be carried out in accordance with the NHSPwD 2011-2016 and the 'National Guidelines for the Assessment and Allocation Process for Housing Provision for People with a Disability, Circular: Housing 49/2014);
2. Value for Money – Proposals must be cost effective and fit-for-purpose<sup>1</sup> and will be required to fall within the acquisition guideline thresholds as issued to LAs under Circular Housing 24/2015 of 17 June 2015;
3. LAs should satisfy themselves that capacity exists on the part of an AHB to deliver new acquisition and construction projects in a reasonable timeframe, especially if there are already approved projects that are not yet well advanced;
4. All AHBs applying for CAS funding must have signed up to the Voluntary Regulation Code and should be aware that regulatory engagement will be critical to all funding commitments as detailed under paragraph 'Compliance with Voluntary Regulatory Code' below;
5. All applications must comply with the terms and conditions of the Capital Assistance Scheme as set out in Memorandum VCU: 2/02 and be delivered based on the arrangements set out in Circular VHU: 2/08, SHIP 2010/12 and SHIP 2010/13;
6. Ability for the funding to be drawn down by LAs by end-November 2016;
7. In the event that previously submitted schemes are being considered for re-submission, it is important that their suitability is re-considered on the grounds of need, ease of delivery and value for money prior to re-submission.
8. All applications in respect of persons with a disability must be in accordance with the Guidance Note/Guiding Principles, and address the Specific Requirements of Housing: Circular 45/2015;
9. Whilst it may not be possible for all 'congregated settings' applications to fully comply with the specific requirements at application stage, due to the processes that involve individual choice, all applications must demonstrate commitment to meeting the specific requirements. Certification of the application by the local HSE Office and both the current and future (if different) disability service provider should be furnished in this regard; and
10. The extent to which the proposals support the specific objective of facilitating people with disabilities to move from congregated settings to independent living arrangements in the community, with appropriate supports.

## **Rents**

As part of the appraisal process by LAs, CAS proposals must take cognisance of rent consideration to ensure that an economic rent is put in place and included within the project appraisal at inception. In this regard, AHBs should submit proposed rents for the dwellings to the LA (part 9.6 Memorandum VHU 2/02) with details of the costs which make up the calculated rent. This should include provision for

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<sup>1</sup> Design guidance is available in the Department's publication "Quality Housing for Sustainable Communities"  
<http://www.environ.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload.1979,en.pdf>

management, repairs and maintenance including sinking fund, arrears, voids, insurance, and any relevant related borrowing costs, etc. Importantly, prior to the completion of the project, LAs should ensure that agreement on the calculation of an economic rent is in place.

**Compliance with Voluntary Regulatory Code**

Participation in this “Call” is open only to AHBs that have registered with the interim Regulation Office. Therefore LAs are advised to refer to Circular letter 15/2016 dated 22 April 2016 and ensure that all applicant AHBs provide the LA with proof of having signed up to the Voluntary Code. LAs should also take this opportunity to remind AHBs as to the content of that circular as it contains key information regarding the eligibility requirements for funding from the Department both now and post January 2017.

**Ethical Framework and Disclosure of Interest**

Circular: Housing 5/2014 outlined detail in relation to compliance with the National Code of Conduct for LA Employees, which is set out in the Local Government Act, 2001. LAs are reminded to make themselves familiar with the Code and the requirement for the adherence to the Code and the contents of Part 8 of Memorandum VHU2/02.

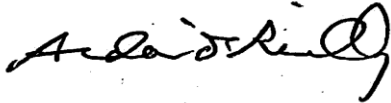
LAs may require AHBs to submit a declaration relating to any pecuniary or other beneficial interest by an employee or person connected in the case of any property being acquired or contract undertaken with funding provided under CAS. The Local Government Audit Service will have due regard to requirements of Sections 114 to 126 of the Local Government Act 2001, as amended by the Local Government Reform Act 2014 in auditing the accounts of LAs.

**Enquiries**

A copy of this circular is available electronically on the Sharepoint system <http://circulars.lgcsb.ie/doecirculars>.

Any queries in relation to this CAS ‘Call for Proposals’ should be directed to [vshousing@environ.ie](mailto:vshousing@environ.ie) or Patrick Leonard (096) 24406 or Darragh Severs (096) 24364.

Yours faithfully,



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Aidan O'Reilly  
Principal Officer  
Social Housing Capital Investment

**CAS Proposals Congregated Settings 2016 – Supplementary Information to attach to the CAS 2**

Name of AHB	
Confirmation the AHB has signed up to VRC	Y or N – please comment if necessary
Address of Proposed - Acquisition(s)/if not known state general location	
No. of Bedrooms	
No. of Units	
Proposed No. of residents	
Category of Tenant(s)	
Room for Carer	Y or N
Specific Name/Address/Unit name of Congregated setting being transitioned from?	Specific identification in large campuses etc.
Planned Support Service Provider	Insert support details here
Certification received from HSE local office?	Y or N – please comment if necessary
Certification received from Housing Authority?	Y or N – please comment if necessary
Certification from Service Provider that resources are in place/agreed to deliver Care Support Package?	Y or N – please comment if necessary
Does the application relate to a HSE priority site in 2016?	Please specify