

Bed and Breakfast Accommodation in Dublin:
Review and recommendations for its future use

Emmet Bergin
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1. Introduction

For some time, concern has been expressed, by voluntary and statutory agencies involved in the planning, funding and delivery of services to people who are homeless in Dublin, about the use of bed and breakfast accommodation to meet emergency accommodation needs. The concerns relate to the poor quality of the accommodation, the lack of support services available to residents and the growing length of time spent by individuals and families in such accommodation before being rehoused. Of particular concern is the high cost of bed and breakfast accommodation, relative to the quality of service provided.

Government has made a number of recommendations to reduce the use of bed and breakfast. The government policy document *Homelessness- An Integrated Strategy* stated that the action plan for Dublin should prioritise the elimination of the use of bed and breakfast accommodation for other than emergencies. The Dublin Action Plan on Homelessness 2001- 2003 - *Shaping the Future* – also contains provision for the phasing out of bed and breakfast. However, it has been impossible to implement these to target, given the sustained increase in demand for emergency accommodation during the first half of the plan time frame and the overriding objective of ensuring that the need for emergency accommodation is met. Activity in relation to the use of bed and breakfast accommodation has centred instead on ensuring an adequate supply, improving the quality generally and developing support services. As a result of the effort to improve quality, some of the accommodation is now in the form of self-contained units and all residents have 24-hour access to their accommodation.

Recent information suggests that there is now a more than adequate supply of emergency accommodation in Dublin. This situation presents an opportunity to begin planning for the phasing out of the use of bed and breakfast accommodation and this report provides the basis for such a plan.

1.1 Purpose of report

The terms of reference for this report are to examine:

- The operation of the present bed and breakfast system for homeless people in Dublin in terms of quality of accommodation, the placement system and funding
- The steps taken in the UK to reduce over dependence on bed and breakfast accommodation
- The necessary steps in Dublin to reduce reliance on bed and breakfast, including taking people out of homelessness and improving the quality of their lives.

This report builds on two previous reports on the operation of bed and breakfast, commissioned by the Homeless Agency. These are *Review of Practices and Procedures currently used in B&B* (2002) and *Background Paper on Social Welfare Assistance with Payments for Emergency Accommodation* (2001). These reports examined respectively, the placement, assessment and support services for people in bed and breakfast and fairness of the present system whereby people in bed and breakfast accommodation make no payment for accommodation or services received.

1.2 Methodology

Research for this report has included:

- Interviews with representatives of Dublin City Council, the Homeless Persons Unit, Department of the Environment and Local Government, Homeless Agency and with landlords and a consultant working on their behalf
- Site visits to a number of bed and breakfast establishments
- Desk research - documents produced by Dublin City Council on bed and breakfast accommodation and relevant research in Ireland and the UK on standards, policies and strategies.

1.3 Definition of Bed and Breakfast

Simon Brooke, in his paper 2001¹, argues that "the label "Bed and Breakfast" is misleading since it includes 'genuine' bed and breakfast and other living arrangements, including fully self-contained accommodation and he recommends that the term 'Bed and Breakfast' be replaced with 'emergency accommodation' or temporary accommodation'. However, to distinguish the accommodation which is the subject of this report from emergency accommodation provided by voluntary and public bodies, the term bed and breakfast is defined in this report as:

any privately owned accommodation paid for by the local authority and Department of the Environment and Local Government and allocated on a temporary basis to people who present themselves as homeless at the Homeless Persons Unit operated by the Northern Area Health Board.

¹ Simon Brooke, *Background Paper on Social Welfare Assistance with Payments for Emergency Accommodation*, September 2001, Homeless Agency.

Although bed and breakfast is used throughout the country to meet the emergency accommodation needs of people who are homeless, including asylum seekers, this report is concerned with the situation of indigenous homeless people in Dublin only, which is the remit of the Homeless Agency.

1.4 Structure of report

The remainder of the report is in three sections.

Section 2 analyses the present situation in terms of:

- *Quality of accommodation*, including the number of 'bed and breakfast' establishments with shared facilities as a proportion of the total; the extent of compliance with Dublin City Council's conditions for landlords, the extent of overcrowding and the risks associated with the present system.
- *The placement system*, including total cost and number of 'bed and breakfast' beds that are paid for but not occupied, reasons for the under-usage and the relationship between the health board Homeless Persons Unit and the Homeless Services Section of Dublin City Council.
- *Costs and Funding*, from the perspectives of the landlord, the homeless person and Government.

Section 3 describes recent initiatives in the UK such as the Bed and Breakfast Information Exchange which has been successful in stabilising costs; the strategy of the new Bed and Breakfast Unit in the Government of London; and the use of other private rented sector options to house homeless people previously dependent on B&Bs to meet housing need.

Section 4 suggests a strategy for change. It summarises the main problems in the present operation of bed and breakfast accommodation in Dublin. It outlines the steps that could be taken in the short and medium term to reduce its use and meet the Government commitment for the "elimination of the use of Bed and Breakfast accommodation for families other than for emergencies".

Section Two:

Evaluation of the Present Situation

2.1 Introduction

There are now more than 1,800 bed spaces in bed and breakfast accommodation for people who are homeless in Dublin. Such accommodation is sourced and inspected by Dublin City Council on behalf of the four Dublin local authorities and is paid for by the local authorities and the Department of Environment and Local Government, at an estimated cost in 2002 of 18 million euro.

This section examines the quality of bed and breakfast accommodation, the systems for procuring accommodation and for placing people who are homeless in this accommodation and the costs and funding arrangements for it. It reveals a level of under occupation of the accommodation and highlights a number of deficiencies in the overall management and control of the sector.

2.2 Procurement Procedures

Dublin City Council is the primary procurer of bed and breakfast accommodation in Dublin. However, the Homeless Persons Unit (operated by the Northern Area Health Board on behalf of the Dublin local authorities) also has a number of properties into which it will refer people presenting to the Unit.

It is the practice of the Irish Government that services contracted from private companies and individuals follow a transparent process. Typically this includes sending the relevant contract out to tender thereby ensuring that all interested parties have a chance to bid. Once tenders have been received, they are reviewed in an open manner, disbaring the use of political influence for example to win the contract.

In the case of bed and breakfast accommodation contracted by Dublin City Council, or the health board, there is no transparent system of tendering for contracts. Landlords approach Dublin City Council offering accommodation. If inspection of the property proves satisfactory, then Dublin City Council opens negotiations on the payment per bed per night in return for nomination rights. The criteria for contracts with the Homeless Persons Unit are unclear and it is apparent that the Homeless Persons Unit agrees contracts on properties which Dublin City Council has previously deemed unsuitable.

2.3 The Placement System

Anyone becoming homeless in Dublin is referred to the Homeless Persons Unit (HPU) which assesses people presenting as homeless and places them in emergency accommodation on behalf of the four Dublin local authorities. The HPU also administers the Supplementary Welfare Allowance Scheme in its two centres and on an outreach basis to people in bed and breakfast accommodation.

Families and couples, without children, are likely to be placed in bed and breakfast accommodation since there is no other emergency accommodation for them. In certain circumstances, single people are also placed in bed and breakfast accommodation.

People are placed in bed and breakfast accommodation by the HPU in two ways. Firstly and most typically it places homeless persons in the accommodation acquired by Dublin City Council and paid for on a bed per night basis. In circumstances where this accommodation is not available, or where it is considered inappropriate, the HPU will either give a voucher to people to source accommodation in the private sector or will place the homeless persons in other bed and breakfast accommodation contracted directly by the HPU and paid for on a bed usage basis.

2.3.1 Weaknesses in the placement system

1. ***Lack of co-ordination between HPU and City Council over which B&B establishments are to be used***

Dublin City Council is the first party immediately responsible for discharging payments for all accommodation used by the Homeless Persons Unit. In addition to accommodation contracted by the City Council on a capitation basis and inspected on a monthly basis, it:

- Covers the cost of vouchers issued by the HPU for homeless people to find their own accommodation
- Pays for accommodation contracted separately by the HPU

Some of the bed and breakfast establishments used by the HPU to place people, either directly or indirectly through the voucher system, have actually been removed from Dublin City Council's list of bed and breakfast properties because of failing standards. In practice this means that some bed and breakfast which the City Council has decided to discontinue using, are being directly or indirectly used by the HPU.

This is confusing for landlords and undermines the inspection service provided by Dublin City Council.

Recent cases of the HPU contracting with landlords who do not have Tax Clearance Certificates have also come to light. Dublin City Council's condition for bed and breakfast landlords that "*The landlord must comply with all statutory requirements in relation to VAT*" is undermined by the operation of two separate systems in the HPU and the City Council. If, in line with Government policy outlined in the Integrated Strategy, local authorities are responsible for the accommodation side of services to homeless people, then Dublin City Council should be given proper control over what establishments are used.

2. *No local referral and placement services*

The fact that the Homeless Persons Unit is the only centre with the authority to make placements in bed and breakfast accommodation is particularly problematic, leading to families and individuals having to physically present to the HPU, regardless of where they have become homeless. A further difficulty is caused by the lack of availability of accommodation in areas outside Dublin city, which leads to households being placed in emergency accommodation very far away from family and other supports. In order to overcome this problem, the Homeless Persons Unit has attempted to directly contract accommodation services in areas where people are located. This means that HPU is using additional properties not provided on a capitation basis even when some bed spaces are available, adding to the overall cost of providing such accommodation.

3. *Inadequate information systems*

There is no adequate information system in place in the Homeless Persons Unit for the systematic collection and dissemination of information on the characteristics and needs of people who present to the Unit. This is a serious weakness in the system for both assessing needs and planning responses to them.

2.4 Quality of Accommodation

Due to the concerted efforts of Dublin City Council, the quality of bed and breakfast accommodation has improved in the last two years. Today all residents have 24-hour access to their accommodation. Most have access to cooking facilities and a number are actually in the form of self-contained units. A team of inspectors visit properties to monitor standards once monthly if possible. However there are still a number of deficiencies in the quality and monitoring of standards.

2.4.1 Different Grades of Bed and Breakfast Accommodation

Dublin City Council has recently developed a system of grading B&B accommodation, with the aim of classifying properties in terms of their layout and standards of accommodation. Properties are currently graded A to D.

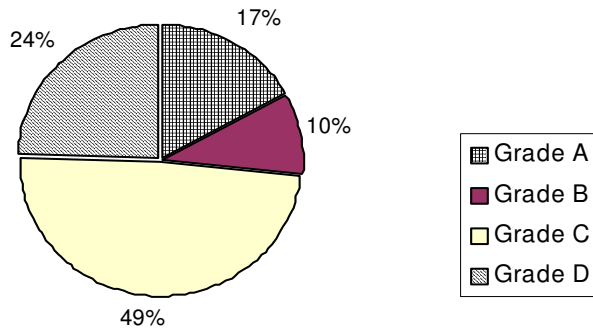
Grade A and Grade B are "self-contained accommodation", where kitchens and bathrooms are for the exclusive use of those living in the apartment, although the apartment is often shared by up to three families. Grade A refers to accommodation in new style apartment complexes while Grade B refers to older and converted buildings.

Grade C applies to accommodation that is occupied on a shared basis, sharing the kitchen but with private bathroom. Grade D applies to accommodation occupied on a shared basis, sharing kitchen and bathroom facilities and in some cases without cooking facilities. Sleeping arrangements are often in dormitory style.

The graph and table below show the proportions of bed and breakfast in each Grade:

Grade A	17%
Grade B	10%
Grade C	48%
Grade D	25%

Proportion of Bed and Breakfast Accommodation in Different Grades



2.4.2 Inaccuracy of grading system

Although offering a starting point, the present grading system does not directly correspond to the quality of accommodation. The quality of accommodation within and between grades varies considerably. For example some Grade D accommodation, in terms of cleanliness, security and facilities, can offer a better housing option than poor quality Grade A.

Dublin City Council is in the process of reworking the grading system so that it offers a more accurate assessment of the quality and condition of accommodation.

2.4.3 Standards for Bed and Breakfast

Dublin City Council is responsible for the procurement and inspection of properties². They are inspected on average once a month. Once Dublin City Council has approved the new property, the property must pass Fire Safety and Environmental Health inspections.

Dublin City Council has a set of criteria for standards that properties must meet before acceptance onto the Bed and Breakfast scheme³. In practice only some of these conditions are complied with. This is despite the fact that the conditions state that if the landlord fails to honour the conditions, the City Council has the right to terminate the agreement immediately⁴.

² There are 59 properties included in the scheme, involving 34 landlords.

³ 20 conditions to be accepted as a Bed and Breakfast landlord. Dublin City Council, Housing and Community Services, titled "To: Private Sector Landlords" in appendix 1 of Michael Bruton report below.

⁴ Michael Bruton, Review of Practices and Procedures currently used in B&B, March 2002.

The City Council does not agree the terms and conditions with landlords in writing. Instead all arrangements are verbal, on a renewable month-to-month basis.

The following conditions, which are part of the criteria set down⁵, are not enforced:

- ***Clear written house rules for residents and staff.***
Recent site visits would suggest that not all landlords comply. The conditions state that a sample drafted by Dublin City Council is available for landlords but none in fact is available.
- ***Written complaints procedure for residents, inclusive of a complaints form.***
It is not evident as to whether any landlords have complied. When serious accusations do occur, as in the case of Abbey Street Hostel in Winter 2000/1, the lack of a complaints procedure for residents can seriously complicate evidence gathering.
- ***Rooms not occupied should be made available in Bed and Breakfasts for rough sleepers on an emergency basis.***
From reports from the inspection team in Dublin City Council it appears that few landlords comply with this condition.
- ***The landlord must inform either the Dublin City Council or Northern Area Health Board when any person leaves or if they are not in occupation for more than 24 hours.***
Very few landlords comply fully. There are no incentives for landlords or their staff to turn around accommodation quickly. They prefer to leave the accommodation vacant.
- ***A room must be available for visiting staff, for example, a doctor, nurse or social worker.***
Very few landlords make space available or are directly asked to do so.
- ***All staff, contract or otherwise should receive Garda clearance. It is the responsibility of the landlord to obtain Garda clearance and verify this with Dublin City Council.***
There is some evidence of landlords filling in and sending back the Garda clearance form to Dublin City Council, (which asserts that the individuals working on the properties have not committed a criminal offence). However the City Council has not checked that all landlords have sent in forms for all people employed in B&B service provision. Nor has the City Council cross-checked the forms with the Gardai.

⁵ 20 conditions to be accepted as a Bed and Breakfast landlord. Dublin City Council, Housing and Community Services, titled "To: Private Sector Landlords"

The failure to cross-check with Gardai on the clearance forms may expose Dublin City Council to negligence charges if any incident were to occur (since they have sought information on caretakers but have not followed it up). More importantly it exposes residents and their children to unacceptable risks.

- ***The landlord will be responsible for lighting, heating, all furniture including television, bed linen, cutlery, washing/drying machines and utilities.***

There is general compliance to this condition, although there are some reported instances of landlords charging for electricity and laundry.

- ***The landlord must comply with all statutory requirements in relation to VAT, rates, planning, etc.***

A considerable number of the bed and breakfast properties, almost certainly a majority, have no planning permission for bed and breakfast accommodation, because in strict planning terms, there is a material change of use. The planning department in Dublin City Council have chosen not to investigate landlord's failure to comply. If landlords were to apply through the planning process for change of use for their premises to temporary accommodation usage, thereby notifying the local community of the present use, many applications would almost certainly be rejected.

Landlord's compliance with VAT and tax returns is beyond the remit of this report, although research in this area might produce some interesting findings. Of note is that most government contracts are only cleared after a withholding tax is paid but this does not apply in the case of payments to landlords of bed and breakfasts.

Besides these conditions not being met, there are a number of other weaknesses in the present system:

- ***Evidence of overcrowding***

Environmental Health Standards⁶ are not being met in a number of areas. Many landlords place an average of three people in a room on bunk beds in spaces that would be deemed overcrowded under Environmental Health Legislation.

Up to recently the City Council's approach has been to maximise the number of beds in each of the properties even though payment is per bed and not per room. Because of overcrowding

⁶ Environmental Health Standards in Ireland, "Interpretation of Standards", adopted January 1998.

fears, recently the City Council has attempted to reduce the numbers of beds in some properties, especially in properties newly joining the bed and breakfast scheme.

- ***Evidence of adults sharing the same bed and of inappropriate housing of different sexes in the same room.***

From site visits it is evident that there are many instances of people who are not partners sharing the same bed. Typically children under 12 of the same sex share beds, but there are also examples from a site visit of two siblings (in one case a 20 and a 24 year old) sharing one bed. There are instances of children of more than 12 years of different sexes sharing rooms. It is also very typical for couples with young children to be accommodated together in one room, undoubtedly complicating normal family relations.

Again, even though payment to the landlord is made on a bed rather than a room basis, the City Council has attempted to maximise the number of beds per room despite the inherent risks. It appears somewhat irrational to crowd beds in to rooms so that landlords receive more money (with higher costs to government) while residents experience overcrowded and more unhealthy conditions. The only rationale for this would be a shortage in the supply of bed space but this does not seem to be the case.

- ***No menu of sanctions for when things go wrong.***

There are no formal written contracts between the state and the landlord. Once agreement is reached on price, standard of accommodation, and allocation rights, payment is made in advance on a monthly basis. The lack of a contract and specific agreements on what constitutes a good service means that at the moment the only sanction the state can enforce against landlords when things go wrong is a complete withdrawal of funding.

While this practice allows the City Council to eliminate properties where conditions are unacceptable, it may also work against the development of better conditions. Landlords have indicated a preference for clear contracts with specified time frames, which allow them to plan and to make judgements about investments in improvements.

2.5. Unused capacity

Additional analysis of the data gathered for the Homeless Agency Assessment of Homelessness carried out by the ESRI in March 2002, has revealed a major element of under occupation in bed and breakfast accommodation. The data shows that more than 350 beds during the assessment were unoccupied.

A total of 1,301 adults and children were found to be homeless and occupying places in bed and breakfast from a total of 1,673 beds paid for each night⁷. This is an average under occupancy of 22%. The table below shows minimum and maximum occupancy rates and the average for the sector.

	Minimum	Maximum	Mean
Occupancy Rates	.25	1.00	.7816

Some more extreme examples from different properties taken from the Assessment data show up the extent of unused capacity in some bed and breakfasts that is paid for but not occupied.

Location of property	Capacity Paid For/ No of Beds	Beds Occupied	% of capacity paid for and left unoccupied
15/16 Gardiner Street	87	70	20%
5 Upper Gardiner Street	21	15	29%
79 Aungier Street	42	23	45%
129 North Circular Road	30	21	30%
54/55 Mountjoy Street	77	56	25%
247 NCR	21	15	29%
Lisburn Court, North King Street	50	30	40%

2.5.1 Cost of Unused Capacity

The direct cost to local and central government of the unused paid for capacity, assuming that the findings from the data gathered for the Homeless Agency 2002 Assessment continue at the same

⁷ The data was taken from landlord returns to the Dublin City Council B&B Inspection Team for one week in March. Information on the numbers of beds and people staying in each property was recorded and the findings were totalled to find the percentage occupancy rate.

average rate through the year, is approximately 3.2 million Euros⁸. The cost of unused capacity for the Department of the Environment and Local Government is 2.88 million (or 90% of the total cost) while the cost to the Dublin local authorities is 320,000 euro (or 10%). This payment for services available but not used is for bed and breakfast in the Dublin area and applies to accommodation provided for indigenous homeless people only.

From interviews it would appear that the level of under occupancy in bed and breakfast has increased rather than reduced in recent months.

2.5.2 Reasons for unused capacity

There are six interconnected explanations for the under occupation of bed and breakfast accommodation:

1. No system in place to re-use vacant beds quickly

There are problems in identifying and quickly reusing vacant units within properties. Presently the HPU use the list of properties provided to them by Dublin City Council for placement purposes. Clients booked in as homeless need to sign in every night between 8 and 12 p.m. This list is then faxed to the Homeless Persons Unit for their reference.

If the occupants of a room vacate their accommodation for more than 2 days, the HPU stated policy is to automatically allocate the unit of accommodation to a new applicant. However in practice this depends on the compliance by landlords (who often prefer to leave a room vacant while still receiving payment) and on the efficiency of the allocation systems in the Homeless Persons Unit.

Placements by the Homeless Persons Unit are made on the basis of first come, first served. In addition it tries not to move people around to different locations to maximise bed usage. Thus, in terms of usage of available bed capacity, the Unit under-utilises available beds.

More generally, the under usage of available beds highlights the weaknesses in the monitoring and information systems of the HPU and Dublin City Council.

⁸ 372 beds are paid for and left unoccupied. At an average rate of 23.5 euros per bed per night, the total is $400 * 23.5 * 365 = 3.19$ million euro.

2. *Inappropriate placing of additional beds*

As referred to above in the discussion on overcrowding, the majority of bed and breakfast bedrooms have at least three beds (a double bed and a single bed in bunk bed style), even though they may be occupied by a couple in very many cases. So for example, payment is often made for three-bed occupancy when only two people are occupying.

3. *Lack of protocol on vacant rooms*

Rooms are often left vacant because the previous resident has left their possessions there. (There is also evidence of some people leaving their possessions in their room to "claim" it but living in another place, possibly with friends, thereby receiving priority on the list for allocation of local authority housing without actually staying in bed and breakfast). Contacts with landlords would suggest that they are afraid to move the possessions of former residents for fear of a legal claim being made against them. Dublin City Council and the HPU offer no guidance to landlords on this issue.

4. *The length of time people are staying in Bed and Breakfast is leading to distortions*

The length of time homeless people are in bed and breakfast accommodation continues to grow, from 81 days in 1999 to on average 18 months today, with some families in bed and breakfast accommodation for more than two years. Because of this, the Homeless Persons Unit facilitates homeless households to take breaks from bed and breakfast accommodation, including holding over their accommodation when they go on holidays or visit families. Thus, the excessive length of time people stay in Bed and Breakfast is also contributing to the amount of voids.

5. *Excess capacity in the system*

Dublin City Council has attempted to maximise the number of bed and breakfast beds available for allocation to indigenous homeless people, even though the competition for private rented accommodation has eased. In recent months the demand for bed and breakfast accommodation used by asylum seekers from the Refugee Integration Agency has reduced and the City Council has sought to convert some of these properties to house indigenous homeless. It is difficult to understand the basis for this approach, which appears to have been taken without any analysis of need, and, from the findings above, to be mistaken.

6. Service provided free of charge creates a demand not necessarily related to actual need

There is no charge for accommodation and related services (electricity, heat, etc.) to people placed in bed and breakfast accommodation, unless they are in employment, (in which case a small charge is collected by the Homeless Persons Unit).

A supply of accommodation that is offered free of charge will always create its own demand. This is especially true if it facilitates people to move ahead on the housing waiting list for local authority accommodation. In addition it offers a superior subsidy for those in paid employment, who typically are not eligible for Rent Supplement. A supply led approach for the provision of Bed and Breakfast accommodation, which is free at the point of use is almost certain to lead to increasing use and periods of over supply. It also leads to a lack of respect for the service by those who can access it without any cost to them.

2.6 Costs and Funding

This section reviews the funding system from the perspective of the landlord, the homeless person and the funder, the local authorities and central government.

2.6.1 Landlords

As at October 1st 2002, there are a total of 34 landlords⁹ managing 1,828 bed spaces in bed and breakfast accommodation. The lowest number of bed spaces for homeless people managed by a landlord is 16 and the highest number is 167.

There is no written contract between the landlord and Dublin City Council. Payments are made in advance on a month-to-month basis and can be cancelled at any time if the City Council decides to withdraw funding and remove the property from the bed and breakfast scheme.

The average payment received by a landlord per bed per night is 23.5 Euro. The highest price is 27 Euro and the lowest is 19.50 Euro. The actual price is negotiated between Dublin City Council and the landlord or his representative. Dublin City Council does not set any maximum or minimum rates and does not relate payments to quality of accommodation. The payment is related predominately to the capacity of landlords to negotiate effectively. Reduction in number of bed spaces in properties (because

⁹ Some of these landlords manage bed and breakfast accommodation for homeless people in other areas, including in the other Dublin local authorities. In addition many landlords offer bed and breakfast accommodation for asylum seekers and refugees, also paid on capitation.

of overcrowding concerns) almost inevitably leads to landlords looking for compensation through increased rates for remaining beds.

The present system offers no incentive to landlords to maintain/ upgrade their properties. In some cases the opposite is true, since upgrading may mean reducing the number of bed spaces.

The following three examples illustrate that landlords are earning supernormal profits in their delivery of the bed and breakfast service.

Example 1	
Landlord A is an average sized landlord. He owns 3 adjoining Georgian properties in reasonable structural condition, classified Grade C. In each building there are 6 en-suite units, each with a "double-bunk" bed for 3 persons and each property contains a shared kitchens for 18 people. One worker operates full time on site and a part time cleaner is also employed. The property is paid on a capitation basis, in advance, irrespective as to whether beds are occupied.	
TURNOVER 18 beds @ 23 euro per bed per night x 3 properties	1,242 euros per night/ 8, 694 euros per week/ 452,088 per year. 450,000 euro per year
LESS COSTS Mortgage repayments , (properties valued at 500,000 each or 1.5 million for total but much less if not recent entrant) @ 5% interest rates and repayments over 20 YRs	120,000 per year
On site management: Concierge	40,000 (including on site gratis apartment)
Part time cleaner	10,000
Insurance	20,000
Food/ electricity/ heating	20,000
Other expenses	3,000
Maintenance	10,000
Total Costs	223,000
NET PROFIT	227,000 euro per year

Example 2

Landlord B is the largest provider of accommodation for homeless people in Dublin. He has a total of 167 beds in 4 sets of adjoining properties: two Grade A properties, one with 50 beds and one with 20 beds and two Grade C properties, one with 45 beds and one with 52 beds. His income and net profit can be estimated as follows:

TURNOVER	Total for the year
167 beds at 23 euros per bed per night	1,400,000 euro per year
LESS COSTS	
Mortgage repayments , (properties valued at total of 3,500,000 Euros) @ 5% interest rate and repayments over 20 years.	280,000
On site management:	
Concierges	160,000
Cleaners	60,000
Insurance	65,000
Food/ electricity/ heating	70,000
Other expenses	10,000
Maintenance	30,000
Total Costs	675,000
NET PROFIT	725,000 euro per year

Example 3

Landlord C owns two guesthouses that also accommodate homeless people. The landlord is paid on a bed per night basis, at a rate up to three times the capitation rate. The cost of rooms varies from 44.44 Euros per night for some single rooms to 152.37 Euros for a double. Bills for the month of August were 24,841.39 Euro and 32,822.8 Euro respectively giving a monthly total of 57,663 and an annualised figure of 691,956 Euro for the occupation of 25 rooms that housed 35 people on any night. Only some of the rooms in the property are allocated to homeless people. The rest of the rooms are allocated to tourists and other members of the general public.

It is difficult to estimate costs (and thus profit margin) for these two properties. One might look at the equation from the other side, the cost to accommodate the persons in this property. For example in this guesthouse it costs up to 4,500 euro per couple per month or 54,000 per year. This means it costs more to house a couple in this guesthouse for two years than it does to build a 3 bed room house in Finglas.

From the calculations above, profit margins, especially for landlords with high volume properties that utilise economies of scale, are greater than 50%. Research would show that half of all landlords receive an annual payment from government greater than 400,000 euros.

2.6.2 Homeless People

Residents of Bed and Breakfast accommodation do not pay anything for use of accommodation, heating, lighting and other benefits.¹⁰ The arguments in favour of residents in emergency accommodation being liable for rent are that:

- Rent free accommodation can create its own demand, unrelated to actual need
- Paying no rent creates a disincentive for people to seek alternative long- term housing i.e. rent free bed and breakfast accommodation is more attractive to people in paid employment than private rented accommodation funded through the SWA scheme. People in low paid employment in particular may choose to avail of free accommodation when other options are relatively unaffordable.
- The payment of rent or a mortgage is a fundamental part of the provision of housing and it is important to establish this as 'normal' practice very early on.
- The principle of equity, which underpins the social welfare and public housing allocation systems in Ireland, demands that households in similar circumstances should be treated equally and a household in one type of emergency accommodation should be no better or worse off than the same household in another type of emergency accommodation. Arrangements across Bed and Breakfast and hostel accommodation are not equitable, since residents in hostels run by voluntary organisations make a payment towards accommodation and other benefits while Bed and Breakfast residents make no payment.

Brooke in his report for the Homeless Agency recommends that all residents of Bed and Breakfast accommodation should be liable for rent, which take account of the accommodation standards and

¹⁰ This section is drawn from Simon Brooke's report for the Homeless Agency, Background Paper on Social Welfare Assistance with Payments for Emergency Accommodation, September 2001.

makes reference to their likely long-term housing situation. He also recommends that the maximum rent payable in a hostel should be below the point at which a resident on short-term unemployment benefit becomes eligible for rent supplement, so that the great majority of residents pay an actual rent that relates to the facilities and services provided. Households in 'Bed and Breakfast' should be assessed for differential rent and rents set according to the formula set out in his table¹¹:

Category	Rent
Grade A	80 % differential rent
Grade B	60 % differential rent
Grade C	40 % differential rent
Grade D	20 % differential rent
Grade D1 (Hostel dormitories)	0 % differential rent

While the necessity to charge rent to residents in bed and breakfast accommodation has been accepted in principle by Dublin City Council, no charge has yet been introduced.

2.6.3 Government

The four Dublin local authorities cover the payments to landlords¹², even though the Homeless Persons Unit is responsible for referring people into bed and breakfast accommodation. The four local authorities then recoup 90% of the total outlay from the Department of the Environment and Local Government.

The local authorities and Department of Environment and Local Government, which ultimately pay for the cost of the placement service and the cost of emergency accommodation have no input into the management of the placement service or decisions about how much accommodation is required.

Costs

As was stated above, the rate paid to landlords on capitation is decided on an ad hoc basis. The common basic payment up to a couple of year ago was 15 Irish pounds but the average today is

¹¹ The rates would apply to revised grades, as presently grade A does not necessarily imply good quality accommodation.

¹² Dublin City Council covers 67% and the other 3 local authorities each cover 11% of the total.

approximately 23.5 euro per person per bed, with the highest price paid being 27 euros. Rates paid are dependent on the pressure from the landlord for price increases.

Government is well aware of the excessive cost associated with the use of bed and breakfast accommodation relative to the value and quality of the service provided. The Integrated Strategy states that bed and breakfast, "apart from being relatively expensive, is not regarded as suitable in the long-term, particularly for families". The Dublin Homeless Action Plan also states that, "Hostel accommodation is much more expensive to provide than mainstream housing and its use as permanent housing represents an inefficient use of resources".

Impact on other private rented sector options

What is not so widely acknowledged is how the payment for bed and breakfast bed spaces is quite possibly adding to the cost of private rented accommodation at the lower end of the housing market, where many homeless people are housed. The buying up of properties (which in some cases had pre-63 designation) and subsequent conversion into bed and breakfast accommodation may result in a reduction in the supply of private rented accommodation available to tenants on rent supplement. In other words, a new form of tenure is created, which because of its high rate of return, increases the amounts landlords of bed and breakfasts are able to bid for properties. In turn this leads both to a reduction in the supply of suitable city centre private rented accommodation and an increase in average rents.

A possible scenario

2 large adjoining Georgian pre-63¹³ houses are placed on the market. They consist of a total of 16 one-bed room and studio flats, let to tenants on the rent allowance SWA scheme. The properties are in a popular letting area and generate a total rental return of 100,000 euro per year. The asking price based on present return is 1.2 million euro. A bidder seeking to convert the accommodation into Bed and Breakfast accommodation for homeless people would be able to place at least 50 beds in the properties, achieving a gross turnover of more than 400,000 euro a year. Even allowing for higher service costs, he can easily outbid the other investors, potentially up to 4 million euros, thereby driving up property values. To make the properties available to homeless people he will need to give notices to quit to the present occupants, possibly making more people homeless.

¹³ Pre-63 designation applies to houses that have been subdivided into smaller units, often "bedsit" flats, before the introduction of planning regulations in 1963. Pre-63 designation allows landlords to continue using the property in its existing form.

As the example above shows, the provision of bed and breakfast accommodation cannot be seen in isolation. Rather it is part of a system in which actions taken in one area have multiple impacts in another. Conversely it follows that fears that the removal of properties from the bed and breakfast scheme means that they are permanently lost are misplaced. The properties will not be "closed down". They will be rented or sold to other people in the housing market.

Section Three:

Situation in London and the UK

3.1 Introduction

Local authorities and Central Government in the UK have and continue to face some of the same challenges in the over reliance on Bed and Breakfast accommodation currently faced in Dublin. Excessive use of B&B accommodation for families with children is concentrated in a relatively small number of local authorities in the UK¹⁴. Many of these local authorities are in London.

The number of statutorily homeless households in temporary accommodation in London stood at over 51,200 in December 2001. 7,120 of these households (14%) were in a bed and breakfast hotel. This compares with the 32% homeless households¹⁵ in bed and breakfast accommodation in Dublin.¹⁶

This section reviews some of the steps the UK Government have taken to reduce the use and cost of Bed and Breakfast. It also sets out the new policy direction since the setting up of the Bed and Breakfast Unit in 2001.

3.2 Policy developments in the 1980s and 90s

Nearly 15 years ago the problems of lack of regulation, spiralling costs and poor systems of information in the use of Bed and Breakfast accommodation were identified in London. In response, the government developed the Bed and Breakfast Information Exchange (BABIE) and a number of other private rented sector strategies to divert people away from B&Bs.

3.2.1 Bed and Breakfast Information Exchange (BABIE)

Because there was no systematic way of sharing information among local authorities before BABIE, when one local authority stopped using a hotel because they were unhappy with the conditions in the property another authority would use it instead. The rates paid for using hotels had also become over-inflated.

¹⁴Out of the total of 147 local authorities in the UK, just 42 account for about 90% of all homeless households accommodated in B&B.

¹⁵ This is a preliminary figure from the 2002 Homeless Agency Assessment of Number of People Homeless in the Greater Dublin Area. The Assessment finds that 824 households out of a total of 2,600 households homeless were using B&B.

¹⁶ Admittedly these figures are not directly comparable considering that the definition of homeless is wider in the UK and that the definition of bed and breakfast accommodation in Dublin is not directly comparable with the definition in UK.

Through BABIE, local authorities jointly agreed to attempt to pay no more than recommended maximum prices for the hotels. This was successful in reducing and stabilising prices, to the extent that local authorities across London saved about 15 million pounds sterling in the first year after they implemented this initiative.

BABIE is also responsible for ensuring environmental health officers inspect and grade hotels used in London.

3.2.2 Private rented sector strategies

Throughout the 1990s, local authorities with the support of the Department of Environment, developed a number of strategies to open up the private rented sector for homeless people and reduce the use of bed and breakfast accommodation.¹⁷ There are two types of initiatives, “tenancy based initiatives” and “leasing and management” initiatives.

“Tenancy based” initiatives include:

- ***Deposit Guarantee Schemes***

Sponsored by either voluntary organisations or local authorities, where a guarantee bond is issued by the scheme to the landlord, which indemnifies the landlord over an agreed period (usually one year). The scheme helps landlords find suitable tenants who are fully advised of their responsibilities as tenants. The scheme also undertakes to support the applicant in settling in to their accommodation over a negotiated period and to act as mediator in disputes if the landlord and tenant so wish. In return for these undertakings, the landlord offers a fixed tenancy for a minimum of at least six months.

- ***Sponsored assured shorthold tenancies (SASTs)***

An arrangement where a local authority provides a nomination fee to a private landlord to accept a tenant referred by the local authority. The tenant then rents the property from the private landlord under an assured short-hold tenancy, normally for a minimum of six months.

¹⁷ This section is drawn from the report, *FreshStart A Feasibility Study for the Implementation of a Deposit Guarantee Scheme in Ireland*, Emmet Bergin, Simon Communities of Ireland, December 2001.

- **Housing benefit guarantee schemes**

The local authority offers a private landlord a guarantee that a particular type of tenant is eligible for housing benefit and that their claim for this benefit will be processed within a stated time if the landlord offers a tenancy to that tenant.

"Leasing and management based" initiatives include:

- **Housing Association Leasing (HAL)**

Any scheme where a housing association leases a property direct from a landlord and subsequently lets the property to a tenant. These schemes are often developed in partnership with a local authority.

- **Private Sector Leasing (PSL)**

Any scheme where a local authority leases a property from a private landlord. Management of the property may be undertaken either in-house by the local authority or contracted out to a housing association.

- **Housing Association as Managing Agent (HAMA)**

Housing associations managing privately owned properties for people in housing need.

- **Housing Association Grants (HAGs)**

Local authority Housing Association Grants are given to landlords in return for nomination rights over private rented accommodation.

Where the policy was to secure a supply of accommodation to alleviate housing need, more extensive use of "*leasing and management*" initiatives was characteristic. The development of these initiatives, although not solely devised to house homeless people, have been successful in moving people out of Bed and Breakfast and preventing homelessness and moderating the use of B&B.

The UK private rented housing market is similar to the Irish housing market in terms of percentage size and regulatory framework. We have not tested the market in Ireland with any of these initiatives to any great extent to date. However the Department of the Environment is soon to publish guidance to local authorities on public private partnership arrangements, which will lead to greater management and allocation involvement by the public sector in accommodation they are funding through rent assistance (SWA).

In addition the Homeless Agency has established an Access Housing Unit, which is being operated by Threshold on its behalf. The aim of the unit is to access accommodation in the private sector, which can be accessed by people who are homeless. Incentives will be offered to landlords in the form of a tenant vetting and letting service, as well as the guarantee of support to tenants who need and an intervention service in the event that something goes wrong. This is an initiative which should in the long term be effective in opening up private tenancies to people who are homeless, but it is unlikely that it will source a large number of units until 2003/4 at the earliest.

3.3 Policy developments today

The Bed and Breakfast Unit (BBU) was set up by the Government Office for London in 2001. The Unit has set a commitment that by March 2004 no homeless families with children will be in B&B other than in an emergency. Even in an emergency it should be for no more than 6 weeks. The Unit's role is to ensure that measures to achieve this target are put in place and implemented.

Reducing the use of B&B will take two main forms:

1. *Alternative accommodation*

Accessing alternative accommodation can avoid, or minimise, the need for stays in B&B. The Unit proposes the procurement of around 9,000 additional temporary leased properties by March 2004. These will be predominantly privately owned properties leased either to local authorities or to Housing Associations.

As explained above, the UK Government has developed a number of private rented sector strategies that have helped reduce the use of bed and breakfasts for homeless people.

Opportunities for similar strategies exist in Ireland where there is a growing housing association movement and the potential for these type of initiatives has been untapped.

2. *Prevention*

The strategy recognises that constantly seeking additional temporary accommodation is ultimately not sustainable without seeking to stem the demand by meeting people's longer term housing needs.

To reduce the dependence on B&Bs, the Unit envisages a greater role for homelessness prevention, advice and assistance. It is the view of the Bed and Breakfast Unit that homelessness can be prevented by enhancing advice services and adopting a more pro-active

stance, including early intervention. The Unit estimate that over 2,000 families with children could benefit from this strategy between now and March 2004.

Homeless prevention advice could include avoidance of debt and arrears, right of occupation, consequences of relationship breakdown for tenancies and Benefit and Housing entitlements. An approach made to social services for counselling/ support may relieve tensions within a household and enable members to continue to live together.

Part of this strategy will also include improved monitoring of the use of temporary accommodation and the collecting and collating of London wide housing statistics.

In addition to these two main strategies of sourcing alternative accommodation and developing a prevention strategy, the Unit proposes a number of other supporting strategies:

3. *Increases in payment of Housing Benefit*

Housing Benefit can be loosely understood as the UK version of Rent Supplement, payable through SWA. Changes introduced in April 2002 increase the subsidy available to local authorities where they were using good quality self-contained accommodation, leased or licensed to them as temporary accommodation for homeless households.

4. *Increasing the amount of affordable housing*

In answer to the question, why are so many homeless households living in temporary accommodation in London, the Bed and Breakfast Unit finds that the biggest reason is the drop in the number of local authority and housing association (social housing) lettings to new tenants. Between 1993/94 and 2000/2001 the number of social housing lettings to new tenants has fallen year on year from over 54,800 to just over 37,000. A slump in the number of newly developed homes accounts for some of this fall but a reduction in the turnover within the social rented stock is also a significant factor.

In addition to building more new social housing, the Unit will attempt to facilitate more empty properties being brought back into use.

3. *Review legislation*

In order to ensure that local authorities do not use B&B hotels inappropriately in the future, the Government is considering revising the statutory guidance on homelessness. This may mean that a more narrow definition of "priority homeless" is agreed which would also narrow the local authority's responsibilities to provide accommodation to the household becoming homeless.

4. *Ensure basic standards in B&Bs are met*

It is also the role of the Bed and Breakfast Unit to ensure that in the exceptional circumstances where B&B is still used, it is of a reasonable standard. The Government is hoping to introduce, and promote, new minimum standards for B&B accommodation by March 2003.

The Bed and Breakfast Unit is in regular contact with the local authorities, Registered Social Landlords and the voluntary sector to monitor progress towards meeting the 2004 commitment that no homeless families with children will be in B&B other than in an emergency. The BBU also identifies and promotes good practice, which is helping authorities locally to reduce the use of B&B.

Section Four:

Summary and Recommendations

This section sets out recommendations for the future use of bed and breakfast accommodation in Dublin. These recommendations are based on the analysis of the present situation and also draw on lessons from the experience in the UK.

4.1 A summary of the weaknesses in the present system

Through this research, the following major problems in the use of bed and breakfast accommodation have been identified:

4.1.1 Standards

1. The majority of accommodation units (73%) are occupied on a shared basis.
2. The grading system, while a good starting point, is inaccurate and misleading.
3. Dublin City Council's criteria for basic standards for properties participating on the scheme are not being met. This results in:
 - A lack of clear house rules
 - No complaints procedure for residents
 - Landlords' failure to inform relevant agencies when rooms are vacant for more than 24 hours
 - No rooms available for visiting staff
 - No cross-checking by Dublin City Council with Gardai on clearance forms received from landlords.

While this failure to meet basic standards is largely the fault of landlords, Dublin City Council must also take responsibility for failing to supervise and support landlords in meeting these basic requirements. This in turn is related to a shortage of resources being committed to the unit in Dublin City Council responsible for the inspection of premises.

4. Other basic standards, which are not part of Dublin City Council's criteria for bed and breakfast, but are normally, through the employment of Environmental Health Officers, under

the local authority brief, such as overcrowding and inappropriate mixing of sexes in sleeping arrangements, are also being infringed.

5. There are no written contracts between landlords and the state and thus no written protocol for when things go wrong. The only sanction that can be used against the landlord is the ultimate sanction of withdrawal of funding, resulting in a loss of the accommodation.

4.1.2 Funding

6. Analysis of data gathered from the Homeless Agency Assessment of Homelessness in March 2002 has exposed a high incidence of under occupation. From the data, the total number of beds paid for in advance on a capitation basis at the time of the assessment was 1,673. The number of people found to be occupying those beds was 1,301. The cost of unused capacity in bed and breakfast accommodation is therefore approximately 3.2 m per year.
7. Although almost the same numbers of people are becoming homeless each year¹⁸ and seeking support from the Homeless Persons Unit, the amount of money spent on bed and breakfast continues to spiral, from 6 million euro in 1999 to approximately 18 million euro in 2002. This is because there is no movement out of homeless and people are staying for extended periods in bed and breakfast, from 3 months in 1999 to 18 months today.
8. A relatively small number of landlords are involved in the provision of bed and breakfast accommodation. In general they own high volume properties.
9. The rent-free nature of bed and breakfast means that it is likely creating its own demand, unrelated to actual need.
10. Bed and breakfast has become, in effect, a heavily subsidised new tenure in the private rented sector. This is driving up costs for tenants in other parts of the private rented sector.

¹⁸ Cases of people becoming homeless has stayed steady over a 10 year period at approximately 2,500 people applying to the Homeless Persons Unit as newly homeless every year.

4.1.3 Placement System

11. No effective system is in place to monitor supply against demand or numbers of homeless people against availability of places and no system in place to re-use vacant beds quickly.
12. Most bed and breakfast landlords do not have the skills or staffing capacity to deal with people with support needs or challenging behaviour. They often refuse to take particular individuals or families and to summarily evict residents who have contravened rules. Many of those who need are not receiving care and support in bed and breakfast accommodation. Conversely, some of the people with more challenging behaviour are accommodated in bed and breakfast because they have been barred from hostels provided by public and voluntary bodies.
13. There is a lack of clarity about which government department is responsible for overseeing the Homeless Persons Unit. The cost of the operation of the Homeless Persons Unit has increased to more than 2 million in 2002, mostly due to an increase in staff numbers (the HPU now employs 40 people). It appears that no approval was sought or given from the two funding departments for this increase. The HPU has no fixed budget and there is no direct system for monitoring the services provided or the cost of those services. While the complex needs of homeless persons requires a flexible and responsive system it is also the case that the more flexible the system the more control of budgets that is required.

4.1.4 In summary

The problem of over dependence on the use of bed and breakfast has emerged to a greater degree in the last 4 to 5 years, a time of unprecedented demand for emergency accommodation in Dublin. While the focus has been on ensuring that the need for emergency accommodation is met, insufficient attention has been paid to the development of necessary management systems to ensure efficient use of resources. The absence of a longer term strategy has led to a lack of central government monitoring of spending, lack of oversight of the operation of the Homeless Persons Unit and no successful implementation of other private rented sector options to moderate dependence on bed and breakfast accommodation.

4.2 Recommendations

The problems listed above have largely derived from a lack of a strategy coupled with a period of unprecedented demand for emergency accommodation, leading to a "make do" approach to the housing of homeless families. The first steps towards achieving a new approach to the housing of homeless families are to agree:

- a. An overarching target, *and*
- b. A new strategy.

The overarching target:

By June 2004, bed and breakfast accommodation will only be used for emergency purposes and in those exceptional cases, for homeless families for a maximum period of 8 weeks and for couples and individuals no more than 16 weeks.

This target is ambitious (especially in the light of the increase in cost and use of bed and breakfast in the last three years) but achievable if a strategy that contains the following elements is implemented fully:

1. Development of other private rented sector strategies
2. New structure for funding and placement
3. New grading system and new set of standards backed by contracts
4. A new administrative structure to implement changes
5. A focus on prevention

Recommendations under the five headings are developed below.

4.2.1 Development of other private rented sector strategies

1. ***No new bed and breakfast beds should be added to the system without clear evidence of need.***

The findings of this report identify at least 350 beds available and paid for but unused. Dublin City Council should discontinue adding to the numbers of existing properties and consider removing some existing properties from the scheme.

2. Assessments should be undertaken of all those using bed and breakfast accommodation to understand their support needs, in particular what proportion are ready for lower support housing options and how many people need ongoing support.

It is impossible to plan and deliver services to meet the needs of people who need, if there is not accurate information on what exactly those needs are. In the absence of systematic collection and analysis of information new services are developed on the basis of anecdotes, rather than hard evidence.

3. New private rented sector initiatives should be implemented as a matter of urgency.

As the Irish and UK experience shows, private rented accommodation is important for the housing of homeless people. In the UK numerous strategies have been developed which allow the local authority gain nomination rights over private rented sector properties. These properties tend to be better quality, smaller scale and much more cost effective.

Except for Dublin City Council's unsuccessful attempt at the height of the housing boom in November 2000 to attract landlords, no private sector initiatives have been implemented in Dublin. The City Council's original attempt may have been unsuccessful because of timing, insufficiently aggressive marketing and/or because landlords did not wish to enter into contracts with the state. Whatever the factors were, the basic concept whereby Dublin City Council covers management costs and pays landlords a guaranteed stream of funding over a year in return for the right to nominate who they wish into the accommodation, is sound.

In the short term, the most feasible initiative for Dublin City Council is to work with existing bed and breakfast landlords who have self-contained accommodation (27% of the total number of beds) or who are willing to convert their accommodation to self-contained accommodation. In return for a guarantee of rent for a period of time (up to three years), a maintenance/management fee and a guarantee of support to tenants, the landlords then hand over nomination rights to the local authority. The additional maintenance/management fee can be funded through Section 10 funding. The development and marketing of the initiative should be through a private sector management company, a housing association or the Homeless Agency.

With rents levelling off and demand from asylum seekers for private rented accommodation easing, now is an opportune time to test new initiatives. Experience from the Refugee

Integration Agency would suggest that offering guaranteed income streams to landlords over a set period means that they are willing to accept considerably reduced rates of return.

4. *Housing associations should be encouraged to provide accommodation services for those with lower support needs at a rate approximately equivalent to that of private sector providers*

The main managers of private rented sector strategies in the UK are non-profit housing organisations. Although housing associations are a growing resource in terms of size and members in Ireland, they have not yet become involved in this area here. They can, with the support of the state, pilot a range of low support models that offer a short/ medium term bridge to permanent accommodation, including some schemes such as:

- *Housing Association as Managing Agent (HAMA)*, where housing associations manage privately owned properties for people in housing need.
- *Housing Association Leasing (HAL)*, where a housing association leases a property direct from a landlord and subsequently lets the property to a tenant.

Most of the voluntary housing output has been in the general housing needs sector even though the pressing need is to develop housing to meet the needs of people, especially single people, with or without support needs. Housing associations have not developed an adequate proportion of accommodation services for homeless people with lower support needs. This may be because the funding structure is not sufficiently attractive or it may be because Government is not offering sufficient guidance to drive housing associations into this area.

If we are to reduce the reliance by the state on private sector providers in the provision of emergency accommodation then Housing Associations need to offer a low support model that is as cost effective as private landlords. (Direct comparisons with the private bed and breakfast sector are invidious, since voluntary sector providers tend to care for the more needy groups and offer a much higher level of care, but it is possible that the expansion in the use of emergency accommodation would have been even more costly if it was provided only by voluntary organisations at their existing *high levels* of care.)

The Department of the Environment and Local Government should contact all voluntary sector providers with their own proposals to fund non-profit private rented sector strategies aimed at housing homeless people. Part V of the Planning and Development Act can also be used to

source new accommodation to develop non-profit private rented accommodation, although not necessarily for homeless people.

5. *Taking up accommodation in the private rented sector under a new private rented initiatives should not reduce the overall priority of the homeless household, compared to their staying in bed and breakfast.*

If the household in B&B continues to receive priority on the housing list but loses that priority if moved into another form of private rented accommodation, this would not only be unfair, it would also reduce the take up of the scheme and perversely incentivise people to stay in bed and breakfast. A number of options might be considered:

- People should either not lose their homeless status if they move from bed and breakfast to other temporary accommodation, or they should not get priority when they are staying in bed and breakfast, except in exceptional circumstances.
- People housed in private rented accommodation (from bed and breakfast) should be transferred from the homeless list to the housing list (as occurs at present) but their registration date on the housing list should be the same as when they joined the homeless list and not when they leave the homeless list and join the housing list as present.
- People who are currently in bed and breakfast, even if they move into other Government sponsored private rented options, should keep their priority homeless designation for local authority housing but those new entrants into bed and breakfast should be treated as one of the option above.

6. *New private rented sector strategies should be targeted at the single homeless too*

On the basis of equity, single people should also be included in any new strategy that is likely to open out a greater supply of good quality private rented accommodation to homeless people. It is also true that single people will be more likely to accept private rented accommodation as a medium term option because they are much less likely to be allocated local authority accommodation in the short term.

4.2.2 Recommendations on funding and placement

- 7. The Departments of the Environment and Local Government and Social and Family Affairs should fix a budget for bed and breakfast accommodation for indigenous homeless people and set it on a reducing scale for the next three years.***

Presently, under the capitation system Dublin City Council recruits landlords, the Homeless Persons Unit places people in the accommodation, and the Department of Environment and Local Government pays for the accommodation in full whether it is used or not. There is no effective control over budgets.

The setting of a budget for the use of bed and breakfast is one of the first steps towards controlling its excessive use. A reasonable target is to set a budget of 13m euro in 2003, 10m euro in 2004 to a total amount of 8m in 2005. The money saved should be re-directed to other homeless services, including other private rented strategies that have more direct involvement from the voluntary and statutory sector (explained below) and support and settlement services.

- 8. Payments per bed per night for bed and breakfast accommodation should be reduced.***

Landlords are making supernormal profits in the provision of accommodation to homeless people. Dublin City Council decides rates paid to landlords on an ad hoc basis.

The experience in London, where the total cost of bed and breakfast was increasing until maximum prices were fixed, leading to a reduction of 15m Sterling in the first year, would suggest that Dublin City Council should also fix maximum prices for B&B accommodation in Dublin. A rate below the present average rate of 23.5 euro per bed per night, for example, a maximum rate of 20 euro per bed per night, would still be attractive for nearly all landlords.

- 9. The price paid should reflect the quality of the accommodation.***

Good quality accommodation should be offered a rate nearer the higher end of the maximum pay scale. Poor quality accommodation could be as low as 60% of the maximum rate paid.

- 10. Dublin City Council should only pay landlords on the bed and breakfast capitation scheme for the average actual numbers of beds occupied.***

Findings from research show that more than 50% of all bed and breakfast have more than 25% of beds unoccupied in an average night. Since it is not in the landlords' interest to maximise the number of beds in the occupied rooms or to reuse bedrooms that have been vacated under the present system, many beds are paid for and not occupied.

A system whereby landlords continue to be paid a month in advance but where the amount paid is based on the occupancy rates of the previous month would encourage landlords to maximise bed use and minimise voids.

11. Landlords should be informed of the adopted target that "By June 2004, bed and breakfast accommodation will only be used for homeless families for emergency purposes and in those exceptional cases, for a maximum of 8 week and for couples and single people up to 16 weeks". Government should explain to landlords what the implications are for them.

The B&B target above is an internal target for Government and has no relevance for landlords. However if the target is met then it will mean a majority of existing bed and breakfast landlords will not receive funding under the capitation or other B&B schemes.

Dublin City Council should explain to landlords the implications of the new target, in particular that only a small number of high quality, well managed properties will be retained for B&B usage. If this is believed and understood by landlords, they will be more prepared to contemplate experimenting with other private rented sector partnership options that do not make as high an investment return but offer greater continuity of funding.

12. Introduce a charge to homeless people using Bed and Breakfast Accommodation

As previously explained, a charge for homeless people using bed and breakfast is essential to test the real demand for it. Presently there is no incentive for homeless people to move out of bed and breakfast accommodation or look for other housing options.

When introducing a charge, the rate or mechanisms are not important. For example, it may only be practical for the charge to be introduced to people newly placed in bed and breakfast and then only after they have been in the accommodation for more than one month. Initially the cost of collecting the charge will be as much if not more than the monies collected, but in the medium term the recoupment will be substantial and the demand for bed and breakfast accommodation may be moderated.

While the mechanisms of the charge are not important, it *is* important that the homeless household should be charged at a rate that reflects the quality of the accommodation. (Simon Brooke's sliding scale should be followed).

13. *When referred into bed and breakfast, households should be assessed in greater detail about their support needs and the circumstances of their becoming homeless.*

While there is insufficient data to make firm conclusions, it appears that only a small minority of homeless people using bed and breakfast accommodation have additional care support needs. Most have informal family support networks. Some are couples. Many do not utilise other homeless services. For this reason, the relative expense and high staffing costs associated with bed and breakfast accommodation is not the best use of resources for them. They would be more satisfactorily housed in other areas of the private rented market.

The early period in which people are housed in bed and breakfast accommodation, in response to their emergency housing need, should be used to assess their support needs, examine the circumstances of the household becoming homeless, to decide whether they are homeless under the meaning of the 1988 Housing Act, or if the use of bed and breakfast is mainly a strategy to gain priority for local authority housing.

The assessments can be undertaken by voluntary or statutory organisations so long as a common assessment process is followed.

14. *The sharp increase in the numbers of couples being placed in bed and breakfast highlights the need for a clear definition of what it means to be a "couple".*

There is a concern that the present understanding of "couple" is so loose that many people are being facilitated to leave the family home and enter into casual relationships, while placing themselves ahead of others on the housing list.

15. *The Homeless Persons Unit should place itself on the LINK system*

Costs and number of staff in the Homeless Persons Unit have increased greatly in the last year. However despite the extra resources, there is still a lack of adequate record keeping and serious weaknesses in information gathering on homeless households and the accommodation they are being referred into. A first step towards better information systems is for the HPU to use the LINK system.

The LINK system is a web based computer programme being used in the UK to manage services. Presently it is being piloted by the Homeless Agency for use in Dublin. The Consultative Form of the Homeless Agency has agreed to the HPU becoming part of the LINK system. The next stage is for the HPU to implement this undertaking.

16. To maximise the use of beds and minimise the amount of waste a number of other micro measures should be implemented.

The micro measures that should be considered include:

- a. The use of bunk beds should be stopped except for children and in exceptional circumstances.
- b. A greater variety of bed spaces per room should be set within each property, including a higher number of 1 and 2 bed bedrooms.
- c. Protocols should be agreed in writing with landlords on the fast recycling of vacant rooms. This should be strictly enforced.
- d. All properties should have storage spaces to place and store for up to one month the possessions of those who have vacated their rooms.

If properly managed, the use of beds, even when being used in emergency circumstances, should be above a 95% occupancy rate.

4.2.3 Recommendations on the grading system and standards

17. The present grading system should be reworked so that it offers a more accurate reflection of the quality and condition of bed and breakfast accommodation.

Grades should reflect not just the structure or physical layout of the buildings, but also:

- The extent of sharing of kitchen/ bathroom/ living room/ recreation/ laundry facilities. Maximum numbers of people per kitchen/ bathrooms should be set
- Whether kitchen facilities are adequate

- Whether it complies with standards in the Homeless Agency "Putting People First" document
- Whether it is a high volume property with many homeless people living together under one or adjoining roofs
- Whether minimum living space in bedrooms, set out in legislation, are met
- Whether support is being offered to those who need it
- The general cleanliness of the property
- The landlord's track record of compliance with the agreed standards.

In addition, accommodation classified as "self-contained" should not be so classified if more than one household is sharing the apartment.

18. *The standards and conditions that landlords and their establishments need to meet to be accepted for contract should be revised, enforced and used as the basis for written contracts.*

The major problem in the meeting of standards is that landlords are not fully informed of their duties and do not have to sign written agreements that compel them to meet set conditions. In addition, Dublin City Council does not have any sanctions to use against landlords if they fail to meet conditions, except for the ultimate sanction of closing down the property.

For landlords, the lack of contracts and longer term leases means that do not have sufficient security of funding and are therefore less inclined to invest in their properties to meet higher standards.

To achieve better standards the following steps need to be taken:

- a. The existing conditions need to be enforced more rigorously, perhaps by scaling up the City Council's inspection team or by receiving support from the Refugee Integration Agency (which also works with landlords).
- b. The conditions need to be backed up by the landlord signing service agreements to meet the agreed conditions
- c. A menu of sanctions should be set, including delaying or reducing payments to the landlord and downgrading the property from a higher grade to a lower grade.

- d. Elements not in the present "conditions for landlords", including standards for overcrowding and the sharing of sleeping arrangements should be included.
- e. As a matter of urgency, Dublin City Council should cross-check with the Gardai on clearance forms received from landlords and follow up to see if all landlords have sent up to date information on staff.

19. *The practice of offering capitation grants to landlords should be examined by the Comptroller and Auditor General's office to see whether Government established practice in the procurement process is being followed in Dublin City Council's recruitment of landlords onto the bed and breakfast scheme*

20. *In the context of a lack of voluntary sector providers accepting homeless people with more challenging behaviour, in the short term Bed and Breakfasts should be used to house more needy groups*

If Bed and Breakfast is to become an emergency service, then landlords must be more willing to allow statutory and voluntary outreach workers to refer rough sleepers into beds that become available. A part of this strategy should be for the City Council to push through agreement with landlords to ring fence a number of bed spaces for rough sleepers for the winter strategy.

4.2.4 Recommendation for a new structure

21. *A new structure in the Department of the Environment and Local Government or similar should be developed to oversee spending, the implementation of an agreed strategy and the achievement of an agreed target.*

The total amount spent on Bed and Breakfast accommodation and the Homeless Persons Unit will be more than 20 million euro this year. Despite this large amount, there is very little oversight of the amount of money spent.

Two possible options are suggested here for the Department of the Environment (and Local Government as ultimate paymaster) to ensure better control of spending and greater value for money:

- a. The setting up of a Bed and Breakfast unit in the Department of the Environment, (similar to the Bed and Breakfast Information Exchange BABIE) in the UK, to regulate and supervise the use of bed and breakfast accommodation for "indigenous" homeless people. The unit has overall responsibility for the setting of budgets and strategy and the collation and dissemination of information on the use, standards and prices paid for B&Bs and the meeting of the agreed target.
- b. The Department of the Environment and Local Government nominates one senior person within the Department to supervise implementation of the strategy. Dublin City Council assumes overall responsibility to oversee the implementation of the recommendations and the control of budgets. The Homeless Agency works with the Homeless Persons Unit to improve practice in the placement and support of homeless people in bed and breakfast.

4.2.4 Recommendations on prevention

22. The HPU and one other voluntary sector provider to offer advice and assistance other than the offer of bed and breakfast accommodation to people who present themselves as homeless

Constantly seeking additional temporary accommodation is not sustainable without seeking to stem the demand. Ultimately this means meeting people's longer term housing needs. A greater role for homelessness prevention, advice and assistance is also necessary if we are to reduce the dependence on bed and breakfast. By enhancing advice services and adopting a more pro-active stance, homelessness can be prevented for a certain proportion of at risk people.

In the short term it might be best to locate this service in the Homeless Person's Unit, as this is where most people present themselves as newly homeless. The exact support services to be offered need to be worked out by the Homeless Agency and the HPU to ensure they complement the Government's Homelessness Preventative Strategy.

In the medium term, and in line with the Government's "Homeless Preventative Strategy" a preventative focus on homelessness needs to be part of more mainstream services too. Action 10.6.1 of the Dublin Action Plan states that each local authority will undertake to "put in place,

by March 2002, a comprehensive housing advice and information service for homeless people". It is not evident as to whether any local authority has implemented this undertaking even though the date for completion has passed.

The advice and information offered to homeless people should cover the consequences of relationship breakdown and the implications for tenancies as well as other issues such as rights of occupation, the avoidance of debt or arrears and benefit entitlement. The guidance should be available free of charge.

23. Increase the amount of affordable housing available to homeless people

Addressing homelessness by continually providing additional emergency accommodation without addressing the underlying need for permanent housing creates a spiral of demand for emergency accommodation while locking people into this form of accommodation. The numbers of people in bed and breakfast has increased greatly in the last three years while the numbers of people becoming homeless has stayed steady. The main factor in the increase in bed and breakfast use is therefore that people are staying longer because they are unable to access affordable housing elsewhere. The answer to this problem is the obvious one i.e. build more new social housing, bring more empty properties back into use and allocate them to homeless people, and make housing in the private rented sector more affordable. This may be obvious, but it will be far from easy to achieve in the short term.

4.2.5 In Summary

As can be seen, the answer to the problem of over dependence on bed and breakfast accommodation to house homeless households is multifaceted.

The first step is to agree a target. I suggest it should be the following,

"By June 2004, bed and breakfast accommodation will only be used for emergency purposes and in those exceptional cases, for homeless families for a maximum period of 8 weeks and for individuals for no more than 16 weeks". This could be interpreted as a watering down of the Government's Integrated Strategy target which states that homeless families should be in bed and breakfast for a "maximum of one month" but the target above is more realistic and offers time for the homeless households to receive support and be assessed as necessary.

The second step is to agree a strategy to achieve the target. In consultation with colleagues I put forward a number of recommendations. They cover the finding, allocation and grading system; a new

administration structure; and solutions in the form of other private rented sector strategies and a renewed focus on prevention.

In the case of bed and breakfast to do nothing is not an option. Costs will continue to spiral, landlords will make excessive profits, under occupancy will continue and homeless people will continue to be housed in poor conditions. The practices exposed in this report will not stand up to public scrutiny. The twenty three recommendations suggest a strategy for change that needs to be implemented as a matter of urgency.