

National Traveller MABS Response to 'Review of Schemes of Grants and Loans for the Purchase of Caravans by Travellers', undertaken by the Housing Agency on behalf of the Department of Housing, Planning, Community and Local Government

Introduction

National Traveller MABS welcomes the Review of the Scheme of Loans and Grants for the Purchase of Caravans by Travellers undertaken by the Housing Agency on behalf of the Department of Housing Planning Community and Local Government. The review was commissioned following National Traveller MABS recommendations in 2015 that such a review was necessary. This occurred on foot of our research that found only 36% of local authorities were still providing loans, 7% were providing loans on a case by case basis and 57% having stopped providing loans.

National Traveller MABS recognises that the caravan loan scheme is not in itself a policy solution for the accommodation needs of Travellers. Through our work in this area and following on from the formal state recognition of Travellers as an indigenous ethnic minority, we are of the opinion that a comprehensive National Traveller Accommodation policy needs to be developed which includes the provision of mobile home/trailer accommodation. A mobile home/trailer accommodation rental and loan scheme should be an integral priority within that policy.

Response to the Key Findings in the Report

Level of Need

National Traveller MABS notes that 90% of the stakeholders who made submissions as part of the review process agreed that the Caravan Loan Scheme is still relevant in the context of current Traveller Accommodation policy. The review states that those most in need are young couples with children, with a history of living in mobile accommodation, seeking to live close to families, but that the profile is changing as a result of housing shortage and people being at risk of homelessness. The review found that stakeholders highlighted that the scheme was put in place to improve quality of accommodation but that some families may not qualify for the scheme either because they do not meet the financial criteria or because they are not official tenants.

NTM response

These findings concur with our experience of Travellers engaging with our service, and also through our work with our Traveller consultative groups. Some people presenting to our service are unable to access affordable social housing. Some people are also unable to secure a caravan loan as they lack financial capacity to make repayments or they are unofficial tenants on halting sites. The housing need of this group has to be met regardless of their income or their 'unofficial' status as local authority tenants. Meeting the housing need of this group must be achieved in a way that is affordable for this group. The lack of provision has led to Travellers being put into private rented accommodation, but discrimination against Travellers can lead to them being made homeless.

Take Up

The report found that 33% of loans taken out during the life to the pilot had been repaid in full or are currently being paid back, (this figure may be higher). It also found that in some areas such as Carlow and Kilkenny there are high levels of loans that are repaid in full or currently being repaid. The report also found higher levels of arrears in other areas in particular Mayo, Donegal and Cork City. The report stated that stakeholders had mixed views on whether a caravan rental scheme would work and that none of the local authorities interviewed favoured such a scheme, whereas NT MABS and the Traveller representative organisations both felt it could be an option for Travellers. The report found that 65% of Traveller stakeholders said there was potential for a Caravan Rental scheme while 29% replied don't know. Conversely, 26% of local authorities said yes, 63% said no and 11% said don't know when asked the same question. The report also found that three local authorities including Clare, Dun Laoghaire Rathdown and Wexford all operate Caravan rental schemes. [Graph this]

NT MABS Response

National Traveller MABS has itself operated a number of Caravan Loan Guarantee schemes. Loan default on these schemes was very low. A 2015 review of NT MABS Loan Guarantee schemes found that the design of our schemes which included an accessible application process, engagement with the Money Advice and Budgeting Services (MABS), responsible lending principles and the provision of deduction at source all contributed to the high repayment rates on the schemes. Re-instatement of the National Caravan Loan scheme should include these elements to assist people in not defaulting on loans as this has implications in terms of their future access to credit and their ability to provide for their families. The Caravan loan scheme has successfully moved Travellers from a position of financial exclusion towards financial inclusion.

National Traveller MABS is in favour of a Caravan rental scheme in line with the 63% of stakeholders who made submissions to the review. Such a scheme would operate a differential rent scheme which would provide affordable accommodation for Travellers in need of social housing. It would also ensure that Travellers on low income would have capacity to access credit for other life necessities and not tie up all their credit on purchase of accommodation. While we acknowledge the concerns expressed by a large percentage of local authorities in this report, we would urge further exploration of the operation of rental schemes and investigation into the three local authorities listed in the report to see how learning from these schemes might address the concerns of other local authorities.

Effectiveness

The report found that the effectiveness of the scheme has been hampered by its lack of availability and consistency in operation across all local authority areas. It also found that twelve of the 20 stakeholders had found that the scheme had helped people afford their accommodation and eight had felt that it improved the quality of accommodation. Three stakeholders had said the quality of accommodation has deteriorated as the loan amount was not enough to buy a quality caravan. The review found that there was some views expressed by local authorities as to the suitability of caravans for long term living, whereas stakeholders felt it was important to provide culturally appropriate accommodation.

NT MABS Response

National Traveller MABS is aware that the suspension of this scheme in many local authority areas across the county has caused great difficulty for Travellers trying to access culturally appropriate accommodation. The lack of availability has contributed to overcrowding, homelessness and substandard accommodation. A caravan loan scheme requires to have the appropriate financial advice, a sustainable loan and infrastructure to pay it back (such as deduction at source) but it should not be seen as the solution in the absence of a Traveller accommodation policy.

Our recent piece of work into the retail cost of new and second-hand mobiles/trailers found that the current loan amounts on offer from local authorities still operating the scheme are not sufficient to purchase a caravan that is newer than 13 years old. The majority of stock available at the current loan amounts lacks central heating and double glazing. In terms of the suitability of mobile homes for long term living, National Traveller MABS asserts the right of Travellers to live in culturally appropriate accommodation. While we concur that the stock on offer at the lower end of the market was not built for long term living, there is a category of stock manufactured to a residential standard and it is this stock that should be made available for Travellers who wish to reside in Trailer/mobile accommodation.

What is working well / what could be improved

The report found that assessment processes and payments through household budget were working well. The more successful schemes appear to be more flexible. The report found that revised scheme would need to increase the amount available to borrow and also to increase the grant amount. The report found that consideration of the total cost of accommodation, differential rent for a bay, utility charges, loan repayments and cost for removal of old caravan and connection of caravan to utilities. The review also found that value for money can be an issue in that often Travellers get poor value for money when purchasing with money available through a loan scheme as opposed to a private sale. The review found that in some areas there is also a monopoly in operation.

NT MABS Response

The findings of this review concur with our experience around the household budget scheme in terms of its importance in assisting people to meet their loan commitments. We also agree with the report findings that the loan amounts available should be increased, but recommend that any loan assessment process should include mechanisms that assess ability to repay and also have supports to assist with financial management through MABS. We concur that the cost of removal and connection to utilities should be taken into account during the total cost of securing accommodation under this scheme. Our recent work has found that these costs can by range from between €1,000 and €5,000. These costs reduce the amount of money available for purchase of a mobile home/trailer. In terms of value for money our consultative groups continually report that Travellers who purchase a mobile home through the caravan loan scheme get poorer value for money than if they were to purchase privately.

Reasons for Stopping the Scheme

The report found that 19 of 31 local authorities that stopped the scheme due to arrears and a lack of demand. Except for two schemes all had stopped prior to changes in Household Budget Scheme (2014) that meant that people using the scheme could not stop their payments without prior agreement from the local authority.

NT MABS Response

While we acknowledge that the level of arrears in some areas meant the suspension or stoppage of the scheme in many areas, the report found that demand particularly in urban areas is increasing. We are of the opinion that it is the responsibility of local authorities to address housing need. We believe that the absence of a financial infrastructure and links directly into such services such as MABS has contributed to the failures of loans.

Alternative Schemes

The report found that the schemes operated with the support of National Traveller MABS including the DCC Scheme and Wicklow County Council Scheme were stopped due to changes in the Household Budget Scheme. The report also found that 12 local authorities thought that a scheme operated by Credit Unions with repayments through household budget would be an alternative way of financing loans. Local authorities also stated that they would prefer not to act as lenders, as they have less ability to assess financial criteria or follow up on repayments and being a lender can act negatively on their relationship with Travellers. Other stakeholders felt a scheme operated by credit unions would benefit Travellers.

NT MABS Response

National Traveller MABS acknowledges that one third of local authorities would prefer an alternative lending schemes through other financially inclusive lenders such as the credit unions. We also understand the impacts that acting as a lender might have on the relationship between Travellers and local authorities. We agree that financially inclusive institutions such as credit unions are better placed to assess sustainability of loans and to monitor repayments, and these institutions have been proven to be successful in lending money for similar loans through guaranteed loan schemes with National Traveller MABS. However the interest rate of loans offered by credit unions can be higher than the 2% available through local authority caravan loan schemes, and we would think these schemes should be an alternative and not instead of a local authority provided scheme.

Alternative Rental Scheme

The report found that just 6 local authorities thought there was potential for a rental scheme. The main concerns were to do with maintenance, insurance, destruction and lifespan. However rental schemes are operating in Clare, Dun Laoghaire Rathdown and Wexford.

NT MABS Response

Please refer to our above response re Caravan Rental Scheme under Take Up section of this document.

Alternative Definition

The report found that their needs to be clarity on what is covered under the Caravan Loan Scheme and that mobiles/demountables chalets can be included.

NT MABS Response

We concur that clarity is needed and that better quality units classified as mobiles and chalets should be included in the scheme. We believe that there is a real need to develop and implement a standard

for caravans / mobiles for long term living, and that this should be part of a holistic policy that needs to be developed for Traveller accommodation.

Response to Report Recommendations

Recommendation 1

Maintain, improve and expand the current scheme of loans and grants offered by local authorities to Travellers for the purchase of Caravans

<u>Recommendations</u>	<i>NT MABS Response</i>
<p>➤ Increase the current loan maximum from €6,350 to an amount more appropriate to the current market value of caravans/trailers. The maximum loan amount provided by local authorities currently operating a loan scheme ranges from €5,710 to €10,000 (under special circumstances one LA has granted loans of €20,000), with an average maximum loan amount of €7,214. Local authorities thought that a modern caravan could cost anywhere from €11,420 to €20,000. However, there is a need to balance any loan amount with the ability of applicants to repay over the term of the loan.</p> <p>➤ The Loan amount available to applicants could be linked to family size.</p> <p>➤ Loan amount should be based on applicant's ability to repay</p>	<p><i>We agree that the loan amount should be increased to reflect the current cost of mobiles and should be linked to ability to pay. However larger loans ranging from €10,000 to €20,000 may render the loan unaffordable for many families.</i></p> <p><i>Our recent work in the area of the cost of mobile homes found that price of second hand mobiles ranges from under €10, 000 up to €35,000. Of those mobiles priced between €10,000 and €15,000 30% had neither double glazing nor central heating and were between 12 and 15 years old. Of those mobiles priced between €15,000 and€20,000 all had double glazing and central heating and were aged between 6 and 10 years old. Those in excess of €20,000 were between 6 and 10 years old with double glazing and central heating.</i></p> <p><i>Older mobiles were not built to residential standard. Our report found that new non-residential mobile home retail from €30,000 and new residential standard mobiles retail from €60,000. It is important that families have access to residential standard accommodation that is suitable for long term living and is affordable. Loan amounts should ensure access to quality residential standard mobile homes. This may mean for many families this scheme will be bot be accessible due to their capacity to repay such loans. We are of the opinion that this strengthens the need for a caravan rental scheme to be an integral part of policy on Traveller accommodation.</i></p> <p><i>We agree that there is an issue in terms of family size but smaller families will still need access to bigger loans if they are to be a position to purchase good quality accommodation.</i></p>

<ul style="list-style-type: none"> ➤ Maintain repayments over term of five years ➤ Allow repayment term to extend to seven years for larger families requiring more expensive caravans. ➤ Maintain 'Top up' loans at discretion of local authorities for exceptional circumstances. 	<p><i>Maintaining the 5 year repayment period will impact on affordability if loan amounts are to be increased. While it is absolutely necessary to ensure that mobiles purchased last through the duration of the loan, maintaining the 5 year loan period will increase the cost of repayment over 5 years and may make the loan unaffordable form many families on low income. Higher loan amounts will also impact on the family's ability to access credit for other essential ongoing family expenditure. We contend that this strengthens the argument for a caravan rental scheme to be an integral part of policy on Traveller accommodation. The caravan rental scheme grew out of individual Travellers attempting to source their own accommodation, and in that way it points to the absence of policy and the responsibility lying with the local authority.</i></p>
<ul style="list-style-type: none"> ➤ Applicants must satisfy the local authority that they are in need of accommodation and their circumstances are such that they cannot provide it from their own resources. ➤ Caravans must be purchased from a reputable supplier registered for VAT purposes or from a supplier who has a current tax clearance certificate. ➤ Reputable supplier should be part of the framework outlined 	<p><i>We agree - But we also add that there should be a standard developed and applied for Caravans / Trailers for long term living.</i></p>
<ul style="list-style-type: none"> ➤ The Housing Agency recommends that the DHPCLG review and consider the best mechanisms for ensuring value for money. ➤ DHPCLG should consider introduction of a national procurement framework for registered suppliers of caravans. This framework has the advantage of pre-qualifying suppliers of caravans based on quality, value for money and other conditions as set out in the pre-qualifying framework. With regard to recommendations made below, additional services such as the setting up of new caravans including connection to utilities and disposal of previous caravans should also be explored in the context of this framework to ensure cost efficiencies. ➤ Applicants or, where appropriate, the local authority to source three options for loan applicants from the framework. 	<p><i>We agree with this suite of recommendations in particular we would like to see the development of guidelines/standards for caravans/mobiles as this will ensure higher quality accommodation. We propose that these guidelines should ensure that mobiles/caravans purchased under this scheme are of a residential standard</i></p>

<ul style="list-style-type: none"> ➤ The local authority should manage payments to suppliers of caravan/trailer units on delivery ➤ Local authority staff should carry out inspections of caravans prior to purchase ➤ Local authority should provide regulatory standards/guidelines (fire safety/heating system etc) for caravans 	
<ul style="list-style-type: none"> ➤ The Housing Agency recommends that the Local Authority is responsible for the initial connection of a new caravan to all utilities, that the local authority inspects site prior to placement to ensure adherence to safety regulations; including space between caravans and the installation of a heating system (if not already in place) when the caravan is being installed. 	<i>We agree with this recommendation</i>
<ul style="list-style-type: none"> ➤ Local Authorities should cover the cost of removing and disposal of existing caravan. The research has shown that some local authorities cover this and others do not. ➤ This should be included in the proposed framework outlined at 1.5 above. Firstly, it would be cost effective, professionally disposed of and also mean tenants wouldn't be responsible or incur an additional cost for the disposal of the old caravan 	<i>We agree with this recommendation</i>
<ul style="list-style-type: none"> ➤ The local authority must satisfy itself that the caravan to be purchased will be located on a bay or other site provided by the local authority or in such other location acceptable to the local authority. This enables the current practice whereby local authorities act with differing degrees of flexibility, some only allow caravan loans for caravans in official halting sites, whereas others allow for unofficial sites, or loans for caravans in gardens of group or private housing. 	<i>We agree with this recommendation</i>
<ul style="list-style-type: none"> ➤ To make mandatory the preferred method of loan repayments through the Household Budget Scheme. ➤ To Examine if this will exclude any applicants in receipt of other forms of benefit. 	<i>While we agree that this method of repayment guards against loan default it may exclude people who are in employment and not in receipt of social welfare payments- arrangements should be put in place to accommodate people who are working and not in receipt benefit</i>

<ul style="list-style-type: none"> ➤ Applicants will continue to be requested to provide 10% of the purchase price of the caravan, but local authorities to exercise discretion on this provision on a case by case basis 	<p><i>Increasing the loan amounts on offer will mean that higher deposits will be needed to secure a loan. This may exclude the most vulnerable families. We would argue 5% may be more in line with what families can afford in terms of a deposit</i></p>
<ul style="list-style-type: none"> ➤ Access to future loans issued under a revised scheme will continue to be denied where an applicant defaults on the loan repayments. The local authority will take appropriate steps to recover the outstanding loan; ➤ Applicants that may have defaulted on prior schemes should be considered on a case-by-case basis, particularly with regard to loans made prior to changes to the Household budget scheme. ➤ Consider the option of loan applicant in default and National Traveller MABS agreeing a budget plan with local authority to manage the debts 	<p><i>Housing is a human right and an essential need. We acknowledge that while previous default may indicate the potential for future default, previous schemes lacked the necessary supports to assist people avoiding default situations. We would argue greater flexibility than recommended(a case by case basis)in terms of determining whether a previous default should impact on access to a loan especially given the certainty of payment offered through the current household budget recommendation</i></p> <p><i>National Traveller MABS is of course open to working to support people in managing their debts by working with our colleagues in local MABS services to support Travellers.</i></p>
<ul style="list-style-type: none"> ➤ Consider expanding the grant to all applicants, not just first-time buyers ➤ Ensure local authorities are clear on procedures for recouping grant ➤ Maintain as is that the grant is not paid retrospectively 	<p><i>We agree with these recommendations</i></p>

Recommendation 2

DHPCLG should consider the introduction of a national procurement framework for registered suppliers of caravans.

National Traveller MABS agrees with this recommendation as it will ensure a higher quality, more affordable scheme with higher safety standards. It will also ensure better value for money for Traveller families.

Recommendation 3

Investigate re-instating the Lough Payment mechanism so that alternative caravan loan schemes can be put in place.

NT MABS Response

National Traveller MABS welcomes the Review's recommendation around the re-instatement of the Lough Payment mechanism. The ease of payment for families, low levels of arrears, development of relationships between Travellers and financial institutions and building of a credit history for Travellers supports the financial inclusion of Travellers and makes affordable housing accessible.

Conclusion

This report has provided a comprehensive review of the Scheme of Grants and Loans for the Purchase of Caravans for Travellers. National Traveller MABS seeks to ensure accessible culturally appropriate affordable accommodation for Travellers. Many of the findings of this report concur with our experience in terms of the necessity for Travellers to access credit for the purchase of mobile homes/trailers/caravans and the usefulness of this scheme in this regard. This review misses the opportunity to recommend the exploration of a Caravan Rental Scheme. While we acknowledge that only six of 31 local authorities are interested in exploring such a scheme, three local authorities already operate similar schemes and 63% of Stakeholders were interested in exploring this idea. National Traveller MABS will support the recommendations which specifically ask for our involvement but at the same time the focus on this area came about because it was a practical operational fix to a bigger problem, which is the absence policy in the area of Traveller accommodation.

We are now in the process of consulting with other Travellers groups, and with national Traveller groups to progress policy in this area, and a Caravan Rental is a priority within this, as we have found that caravan loans only work for some of the community.