Comhshaol, Oidhreacht agus Rialtas Áitiúil
Environment, Heritage and Local Government

2 July 2009 06 07 [illegible].

Mr. Eamonn Carey
Co-operative Legislation Unit
Department of Enterprise, Trade and Employment
Ground Floor, Earlsfort Centre
Lower Hatch Street
Dublin 2

Re: Co-operative Societies:
Consultation on the Industrial and Provident Societies Acts

Dear Mr. Carey,

I refer to your recent letter which offered this Department the opportunity to input into the consultation process currently underway to review and update the legislation relevant to Co-Operative Societies.

As your Department may be aware the National Assoc of Building co-operatives (**NABCo**) is a substantial provider of social housing in the greater Dublin area in particular. NABCo is advancing construction contracts to the value of about €50 million at present, funded 100% by way of non-repayable loans form the Housing Finance Agency.

Due to the current financial constraints on the Capital Investment Programme, the level of funding available for new co-operative housing projects will be quite limited compared to the situation which pertained over the period 2000 to 2008. Voluntary Housing providers like NABCo will have to rely on new and innovative funding arrangements if they are to maintain the current level of housing provision.

This may involve the raising of private finance from sources such as bank loans, bond market and pension funds etc. without State guarantees. The income stream to service private borrowing will flow from two main sources:

1. the Governments *Rental Accommodation Scheme* which provides a guaranteed level of rent to a private sector landlord (to include NABCo) where the accommodation is made available for renting over a 5-year period,
2. the Governments new *Long-term Leasing Scheme* whereby private sector landlord/developers will make properties available for social housing purposes over a 20-year period.

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Parts C and D of your report raises certain issues in relation to restrictions on raising funds restrictions on borrowings. In the case of approved housing bodies like NABCo, the housing body is the de facto owner of the properties after the 30-year non-repayable loans from the HFA are fully paid and the mortgages redeemed. In this scenario, housing bodies will be sitting on substantial assets and in a position to avail of equity release to fund a major part of their operations.

This Department feels that we should be mindful of the above issues in developing proposals for any major change in the governance of co-operatives.

Thank you for this opportunity to contribute to this consultation process.

Should you regard further clarification on these observations, please contact the undersigned.

Yours sincerely

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