



Housing Assistance Payments

Opening statement to
Joint Oireachtas Committee
on Housing, Local Government
and Heritage

December 15th 2020

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to the Joint Oireachtas Committee on Housing, Local
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Chairman, members of the Committee, I want to thank you for the opportunity to present to you today on the matter of the Housing Assistance Payment. Threshold has worked with and supported tenants living in the private rented sector since 1978. Threshold advocates for increased security of tenure, affordability, improvement in standards and for a sustainable private rented sector. We are working toward a vision whereby private rental is on an equal tenure status to other tenure options in Ireland. We believe housing is a right.

The Housing Assistance Payment, or HAP, is a form of social housing support available, since 2014, to eligible persons living in the private rented sector. Through Threshold's work with tenants, we identified that many were struggling to pay rent even with the support of HAP. To meet their rent, they were paying "top-ups" to their landlord. This is rent paid directly by the tenant to the landlord in addition to the rent the landlord receives from HAP. Many others were struggling to find a landlord to accept HAP. In 2019, Threshold carried out research into this issue and surveyed 116 tenants in receipt of or eligible for HAP. Our colleagues in the Society of Saint Vincent de Paul were observing similar trends among the households they work with. We came together to publish our report and recommendations, with which you have been provided.

I will give you an idea of the scale of the Housing Assistance Payment and then set out the findings from our research. Marcella will then set out our joint recommendations.

Scale

There are approximately 59,000 households currently supported by HAP. The Department plans to support an additional 15,000 households with HAP in 2021. €558 million has been allocated for HAP in Budget 2021. The 2019 expenditure was €382 million. It is an ever increasing bill.¹

HAP Limits

The maximum monthly rent limits payable for a household under HAP are set out in Statutory Instrument². These limits have remained largely unchanged since July 2016. As such, they fall far short of market rent. The national average rent increased 27% between Q2 2016 and Q2 2020. The HAP caps did not. One of the greatest obstacle faced by tenants is finding a place within the cap. Where they cannot the tenant pays the shortfall in the form of a “top-up” to the landlord.

Shortfall

There are enormous shortfalls in the HAP caps for a single people looking to rent a one-bed property. A single person looking to rent a one-bed apartment in in Cork, City, Dublin 15 and Limerick City could potentially pay a “top-up” up to €760 to make up the shortfall.³

A single person living in Co Limerick or Co Carlow may have to pay up to €350 in the form of a ‘top-up’ to their landlord to secure a home.

It is a similar story for families with three children who are looking to rent a three-bed house. Again a potential ‘top-up’ of €400 or more for families in these areas.

¹ <https://www.oireachtas.ie/en/debates/question/2020-06-16/1057/>

² <http://www.irishstatutebook.ie/eli/2017/si/56/made/en/print>

³ HAP limits vs average rent as per Daft Rental Report Q3 2020

20% Discretionary Uplift

Local Authorities may approve a discretionary 20% uplift in the HAP payment to help meet the rent. However, this is not guaranteed and is not practised consistently across all local authorities. This is often one of the challenges the Threshold advisors assist tenants with. In Q4 2019, 36% of households (excluding Homeless HAP) were receiving some degree of uplift in their HAP payment.⁴ Even with the full 20% uplift the HAP payment can often be insufficient. In a report from IGEES, it is estimated that the payments, inclusive of discretionary uplifts fall short for 28% of HAP tenancies, meaning these tenants are paying a “top-up” to the landlord.⁵ A number of recommendations are made in the IGEES report.

“Top-Ups”

It is not surprising then that almost half of the HAP recipients we interviewed were paying a ‘top-up’ to the landlord. These top-ups ranged from €100 or less to over €500. The average to-up was €177. Tenants of varying incomes paid top-ups across the range.

Affordability

It is generally accepted that we pay up to 30% of our income on our housing costs. This is a rough rule of thumb to calculate affordability. Anyone who has applied for a mortgage knows the bank will apply a similar affordability test. However, among the tenants we interviewed 20% were paying over 30% of their income on rent. 10% were paying more than 40% of their income on rent.

What was common across the board was that, the Threshold clients we interviewed, were struggling with the day-to-day expenses as a result of the top-up. This is because

⁴ <https://www.oireachtas.ie/en/debates/question/2020-07-14/409/>

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[https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewiOnfCX18XtAhVBt3EKHbUaBTsQFjAAegQIAhAC&url=http%3A%2F%2Fwww.budget.gov.ie%2FBudgets%2F2020%2FDocuments%2FBudget%2FHousing%2520Assistance%2520Payment%2520\(2014%2520%25202019\).pdf&usg=AOvVaw11SfmlcYyR--_J6s4FSjPH](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewiOnfCX18XtAhVBt3EKHbUaBTsQFjAAegQIAhAC&url=http%3A%2F%2Fwww.budget.gov.ie%2FBudgets%2F2020%2FDocuments%2FBudget%2FHousing%2520Assistance%2520Payment%2520(2014%2520%25202019).pdf&usg=AOvVaw11SfmlcYyR--_J6s4FSjPH)

tenants will prioritise rent over everything else. Rent arrears can accrue quickly resulting in a notice of termination and so are avoided at all costs.

Almost half of those who participated in the Threshold survey said they struggled to pay the electricity or heating bill, buy groceries or cover childcare and school costs.

A home, heating and food are the basics we all require to live and have a chance to achieve our potential. These tenants do not have these.

Security of Tenure

As a form of social housing HAP lacks the security of tenure which tenants of Local Authorities and Approved Housing Bodies have. A HAP tenant can be evicted through no fault of their own. The most common query brought to Threshold is about notices of termination, representing 35% of all queries in 2019. Over three quarters of these were issued where there was no wrongdoing on the tenant's part.

A landlord can issue a notice of termination if they wish to sell the home, need it for their own use or that of a family member, they wish to renovate or on grounds of Section 34(b) whereby a Part 4 tenancy is coming to an end.

Standards

A requirement of HAP is that the property meets the minimum standards for private rented dwellings. All HAP properties are meant to be inspected to ensure this.

Unfortunately, some tenants reported that inspections had not happened after a year in the property, and on occasion when the Local Authority directed the landlord to undertake repairs this was never done and the Local Authority did not follow up.

Worryingly, stories of mould, damp, broken heating systems and ill health were common place. Unfortunately, this is not surprising as queries about standards and repairs are among the most common issues dealt with by Threshold advisors.

Discrimination

The second greatest obstacle for HAP tenants was the difficulty in finding a landlord to accept HAP.

Under HAP, tenants must source a property themselves. Despite the fact that the Equal Status Act 2015 prohibits discrimination against those in receipt of HAP, tenants reported instances where landlords outright refused to accept HAP or sign the paperwork. In some cases, landlords never return the paperwork resulting in the tenants falling into arrears and so evicted for these arrears.

There are some groups in society that are vulnerable to further discrimination by landlords – members of the travelling community, migrants, people with disabilities. As such, these groups are even further excluded from access to housing.

Tenants can take cases to the Workplace Relations Commission to challenge such discrimination. Threshold supported 11 households to take such cases in 2019. While the WRC generally finds in the tenants favour this does not always guarantee access to housing.

HAP in Practice

As with all systems there are areas which work well and those where improvements can be made.

The payment of rent in arrears from the day the HAP application is processed as opposed to the day the tenancy started is highly problematic. Landlords expect rent paid upfront and in advance. Tenants can enter into severe financial distress in an attempt to make these upfront payments.

The treatment of arrears has presented issues for HAP tenants. Once arrears accrue, tenants are required to pay the arrears within eight weeks. If they are unable to do so the HAP payment to the landlord is stopped and the tenancy deemed lost. This is in

stark contrast to the treatment of arrears for other social housing tenants where a more client centred, homeless prevention approach is taken.

The fact that tenants can still work and benefit from HAP is a hugely positive element. When their income increases their rent contribution to the Local Authority increases as with any social housing tenant.

Those tenants who were afforded the 20% discretionary uplift in the HAP payment found it a lifesaver.

Many of the tenants spoke highly of the staff in the HAP offices, finding them helpful.

Thank you for your time. I will hand over to Marcella to talk you through the recommendations.