



| A Social Policy Report

# Rent Supplement



Working for Justice on  
Housing and Homelessness

COMHAIRLE

Rent Supplement in the Private  
Rented Sector:  
Issues for Policy and Practice

A DISCUSSION PAPER

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Comhairle/Threshold

# Acknowledgements

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The Discussion Paper is based primarily on the views and experiences of users and providers of independent information and advice services. Helpful insights were also provided by the Department of Social and Family Affairs and by the Irish Property Owners' Association. The conclusions reached are a synthesis of the various views expressed and do not necessarily represent any one perspective.

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## Preface

This Discussion Paper is one of a series of Comhairle social policy reports (this one prepared jointly with Threshold) which address social policy concerns identified by the users and providers of independent information and advice services. It discusses a range of issues in respect of the Supplementary Welfare Allowance (SWA) rent supplement scheme.

It is now widely recognised that the rent supplement scheme is an essential social housing mechanism, operating as a means through which low-income households can meet their accommodation needs within the private rented sector. The Discussion Paper highlights various limitations and inequalities inherent in the current approach. One immediate concern is that the ability of some social groups to access secure, affordable accommodation may be compromised to various extents if they are forced to depend on this housing option in the long term.

Queries from the public to both Citizens Information Centres (CICs) and Threshold Advice Centres continue to point to issues such as discrimination by landlords against rent supplement tenants in the allocation of accommodation, sub-standard accommodation, conflict over retention of deposits and arbitrary rent increases. All of these factors create difficulties for people, many of whom are at the lower end of the private rented housing market.

While some of the work and training disincentives associated with rent supplement have been removed in recent years through various rent retention mechanisms, the incremental manner of these changes over a number of years has resulted in a very complex system which makes it difficult for people to understand their entitlements. It is also the case that the partial or total loss of rent supplement continues to act as a disincentive to work and training, particularly for families where relatively high levels of rent supplement are payable.

Low income households reliant on wages from full-time work are likely to be sometimes in as much need of assistance with housing costs as those on social welfare with broadly equivalent income, particularly in the current climate of high reliance on the private rented sector. The basis of eligibility for rent supplement, therefore, needs to be reviewed as a matter of urgency.

The commitment in the current Programme for Government to implement a package of reforms arising from the Report of the Commission on the Private Rented Sector is most welcome. However,

while this would address many of the legislative inadequacies which exist at present, adequate mechanisms will have to be put in place to ensure that legislation is rigorously implemented. This is particularly so in relation to security of tenure and tenants' rights generally.

There is a crucial need to continue to explore critically the issues raised in the Discussion Paper through further debate, policy analysis and research. There is a related need to focus on possible alternatives and solutions. In what way might the private rented sector itself and the system of rent supplements be realigned to more effectively meet the housing needs of all social groups? What is the potential for developing a more effective and diverse range of non-market rental options, including traditional local-authority housing and innovative solutions, such as voluntary, co-operative, community, self-build and other options? New thinking is required in respect of the lower end of the private housing rented market and targeted and focused initiatives are needed to deal with current difficulties.

These and other questions and issues deserve careful attention, not just for their empirical relevance to housing research and policy analysis but, also, and more importantly, because of their practical human implications in terms of the quality of people's everyday lives and their basic right to secure, adequate and affordable housing.

# Executive Summary

## Context

This Discussion Paper is based on a study carried out jointly by Threshold and Comhairle. The purpose of the study was to identify policy issues arising from the experience of users and providers of independent information and advice services in relation to the rent supplement scheme administered under the Supplementary Welfare Allowance (SWA) system. It is now widely recognised that the rent supplement scheme is an essential social housing mechanism, operating as a means through which low-income households can meet their accommodation needs within the private rented sector. In 2001 there were 45,000 recipients of rent supplement at a total cost to the exchequer of €179.5 million.

According to the 2001 statistics, lone parents accounted for 20% of beneficiaries of rent supplement. 12% of beneficiaries of rent supplement were claimants of long-term unemployment assistance (UA) and 8% of beneficiaries were claiming short-term unemployment assistance. Approximately 4,800 asylum seekers were in receipt of rent supplement payments, which accounts for 11% of all beneficiaries. 11%, also, of beneficiaries were categorised as being in employment support services, i.e., Back to Work Allowance, Community Employment, Back to Education Allowance, Jobs Initiative, Vocational Training Opportunities Scheme (VTOS) and FÁS training programmes.

## Issues Identified

### *Difficulties in Finding Accommodation*

The competition for private rented accommodation between different income groups and household types makes it difficult for rent supplement tenants to find accommodation. This shortage of supply in the private rented sector, coupled with the shortage of supply in other tenures, often means that landlords can have the pick of their desired tenant types. There is clear evidence that some landlords refuse to take rent supplement tenants.

### *Reasonable Rent Limits*

A key issue identified from the present study was that reasonable rent levels set by Health Board in some parts of the country were not keeping pace with current market conditions and related rent increases and were, therefore, insufficient for many rent supplement tenants seeking accommodation. A related issue is that Health Boards cover wide areas and the reasonable rent levels do not necessarily reflect the

local markets which operate within these broad areas. Some Health Boards have introduced different maximum rent limits for different areas within the Health Board catchment area. The recent (November 2002) decision by the Minister for Social and Family Affairs limits by regulations the amount of rent in respect of which Health Boards may pay rent supplement and provides that no rent supplement is payable in cases where the rent exceeds this amount. These measures, intended to restrain landlords from raising rents will require careful monitoring to ensure that rent supplement tenants do not experience difficulties in accessing accommodation due to ongoing rent increases arising from market pressures.

#### *Specific Categories of Need Identified*

Some categories of people were identified by information/advice workers as experiencing greater difficulties than others in accessing suitable accommodation under the rent supplement scheme. These were households with children, young adults moving out of the family home, asylum seekers, and former local authority tenants.

#### *Rent Supplement as a Discretionary Payment*

The underlying rationale for the SWA system is that it can respond immediately to situations and has an inherent flexibility which allows it to do so. In some situations identified in the present study people clearly benefited from discretionary practices, due to the Community Welfare Officer's (CWO) detailed knowledge of their individual circumstances. However, according to information/advice workers, the system sometimes operated to the detriment of the prospective tenant.

#### *Information on the Rent Supplement Scheme*

The evidence that emerged from the study was that comprehensive information about all SWA-related entitlements, including the rent and mortgage interest supplements, is not clearly accessible to the public, particularly at the point of contact with the system. Much of the overall information on rent supplements is provided by the Department of Social and Family Affairs (DSFA), but there is also a 'local' element to the rules and regulations. While information on the calculation of the rent supplement and on local practice and interpretation is available to organisations such as CICs, Threshold and Centres for the Unemployed, such information may not always be available to individual citizens. Because of the complexity of the system, there is a particular issue in relation to information about entitlements and options in respect of retention of rent supplement in back to work/training situations.

### *Role of Information/Advice Workers*

The study pointed to information/advice workers playing a key role not only in providing information but also in mediating access to rent supplement. In some parts of the country, information/advice workers have established good working relationships with CWOs which facilitated their information, advice and advocacy role. However, other situations were reported where the advocacy role of information/advice workers was not welcomed by the CWO involved.

### *Work Disincentives Associated with Rent Supplement*

While some of the work and training disincentives associated with rent supplement have been removed in recent years through various rent retention mechanisms, the incremental manner of these changes over a number of years has resulted in a very complex system which makes it difficult for people to understand their entitlements. The reality is that the partial or total loss of rent supplement continues to act as a disincentive, particularly for families where relatively high levels of rent supplement are payable.

### *Operation of the Rent Supplement Scheme*

A number of difficulties were identified in relation to the operation of the scheme:

- Some people experience difficulty accessing deposits (particularly second and subsequent deposits) – this in effect acts as a blockage to people's ability to access housing.
- There are difficulties with the type of forms/documentation required (e.g. landlords refusing to sign forms).
- There are ongoing problems in respect of the claiming process (e.g. difficulties in accessing CWOs, long queues, the possibility that, from the perspective of some tenants, the whole process is demeaning).
- CWOs are faced with a difficulty if they refuse a rent supplement on the grounds of a property being below minimum standards because this may result in the people involved being homeless, at least temporarily.
- Resources made available for the administration and operation of the schemes do not appear to be commensurate with requirements.
- There are significant information gaps in respect of the rent supplement scheme, particularly in relation to retention of the supplement in the context of back to work, training and education programmes.

### *Tenant/Landlord Legislation*

While the legislation governing the private rented sector has improved in recent years, there are still significant gaps in relation to security of tenure, minimum standards, rent levels and dispute resolution mechanisms. The implementation of ‘a full package of reforms’ arising from the Report of the Commission on the Private Rented Sector, promised in the last Programme for Government, would undoubtedly deal with many of these issues. The establishment in November 2002 of a pilot mediation service, under the Private Residential Tenancies Board, for the speedy resolution of disputes between landlords and tenants is a significant and welcome development and the legislation promised in respect of giving the Board statutory status should be introduced without delay.

Information/advice workers referred to a number of problems reported by tenants on an ongoing basis. While many of the difficulties identified affect all private sector tenants, they may have more of an impact on rent supplement tenants who are frequently at the lower end of the private rented market.

- There is evidence of non-compliance by landlords with regulations in respect of minimum standards, rent and registration.
- Notice to quit is sometimes not given in writing and does not comply with criteria set out in legislation. It is frequently the case that short verbal notice is given following a dispute between landlord and tenant.
- In some cases tenants have difficulty getting landlords to return deposits.
- There are major issues about increases in rent by landlords and in what circumstances landlords are entitled to raise rents.
- There is evidence of tenants having to purchase rent books themselves and give them to landlords as distinct from landlords providing the rent book in accordance with the legislation.
- There is a reluctance on the part of some landlords to participate in the rent supplement scheme. There are situations where a tenant cannot claim a rent supplement because s/he cannot get the landlord to sign the relevant form.
- There is some evidence of landlords and tenants colluding to declare a lower rent to the Community Welfare Officer than is actually the case in order to get the rent supplement. This may result in people getting into debt.

### *Private Sector Tenants and Housing Policy*

The role of rent assistance must be considered in the broader context of housing subsidies in general with particular reference to social

housing (direct provision by local authorities and provision through the voluntary housing sector). In the longer term there is a clear need for a more comprehensive social housing programme involving a mix of local authority, voluntary housing and rent supplementation to the private sector. However, this will take time to implement. There is also the need to maintain the principle of choice and to operate on the basis that all households on rent supplement may not want to become local authority or voluntary housing tenants.

### *Role of Local Authorities*

Local authorities have a crucial role in enforcing standards and regulations in the private rented sector and, also, in providing for the housing needs of private sector tenants. Resources should obviously be commensurate with carrying out the various associated tasks.

- Additional mechanisms are required for partnership between local authorities and the private sector in Ireland with a view to providing more affordable rented accommodation.
- As a general principle, responsibility for the administration of rent assistance should be integrated with overall local authority activity on social housing, planning and development.
- There should be an interweaving of arrangements for the private rented sector with those for allocating local authority housing and funding voluntary housing to ensure an adequate supply of housing.
- The needs of private sector tenants should be taken into account in all assessments of housing needs.
- The enforcement of regulations and more favourable arrangements for rent supplement tenants are important factors in housing policy development.

# 1. Introduction and Background

## Introduction

This Discussion Paper is based on a study carried out jointly by Threshold and Comhairle. The purpose of the study was to identify policy issues arising from the experience of users and providers of independent information and advice services in relation to the rent supplement scheme administered under the Supplementary Welfare Allowance (SWA) system. The data collection methods used in the study are set out in Appendix A.

## Supplementary Welfare Allowance

The rent supplement scheme is administered by Community Welfare Officers (CWOs) under the Supplementary Welfare Allowance (SWA) scheme. The SWA scheme administered by the Health Boards was introduced in 1977 as a replacement for the Home Assistance Scheme which had its origins in the Poor Law system. CWOs administer the SWA scheme from the network of health centres across the country. SWA was originally designed to meet urgent needs in a flexible and speedy manner while also guaranteeing a standard basic minimum income to all citizens. The payment of supplements was provided for under the SWA Regulations in order to help those with particular expenses (such as rent or mortgage interest payments, heating and dietary needs) whose remaining income would be insufficient to meet their basic needs.

While the SWA scheme is administered by the Health Boards, it is funded by the Department of Social and Family Affairs (DSFA) which also provides most of the operational guidelines, including those for rent and mortgage interest supplement schemes. The SWA operational guidelines are of particular importance because of the discretionary nature of many of its provisions. For instance, there is no entitlement as of right to the supplements or emergency or urgent payments made under the scheme.

During the 1990s rent supplement was incrementally given a role in housing not originally envisaged and has in effect developed into a mainstream housing subsidy but outside the framework of overall housing policy (Review Group Report 1995). Rent supplement is widely regarded as having added an important component to social housing provision for low income households.

## Administration of Rent and Mortgage Interest Supplement Schemes

Rent supplement is a discretionary payment under the SWA system (see Chapter 3). A discretionary system has clear advantages in that the scheme can be flexible enough to meet unexpected needs that may not be met if rigid criteria existed. However, various studies over the years have identified differences in practice in the administration of the rent and mortgage supplement schemes throughout the country (Guerin, 1999; Combat Poverty Agency, 1991; Focus Point, 1988). The absence of uniformity in the assessment of eligibility for SWA supplements can lead to a situation where two tenants in similar situations but in different areas may have different outcomes due to the discretionary nature of the payments. Indeed, as far back as 1986, the Independent Poverty Action Movement noted this lack of uniformity in the administration of payments under the SWA at both national and local levels.

In 1998 the Department of Social Welfare published guidelines on the payment of supports available under the SWA scheme in order to standardise the administration of SWA payments. While this measure has removed some of the discretionary elements of the scheme, Guerin (1999) noted the continuing national variations in the implementation of these guidelines in relation to what constitutes definitions of 'reasonable rent', 'reasonable need' and 'reasonable accommodation'. Because each individual CWO has to assess an application for rent supplement and be satisfied that, for example, the applicant has a genuine housing need, the variations may arise because different CWOs interpret similar situations differently.

There is a formal appeals procedure in place whereby appeals against decisions relating to most SWA payments can be made to the Deciding Officer in the relevant regional Health Board. Figures from the Eastern Regional Health Authority Complaints and Appeals Service show that, of the 2,177 submitted in 2000, 23 per cent related to rent supplement and 3 per cent to mortgage interest supplement. Over one-third (37%) of rent supplement appeals were allowed. Those who are dissatisfied with the outcome of certain SWA appeals can lodge a further appeal with the Social Welfare Appeals Office (an independent statutory appeals system that came into force in 1998).

## The Role of Rent Supplement in Social Housing

The extent and purpose of rent supplement has changed radically since its original introduction as an income based ‘safety net’ measure. This has resulted in the private rented sector becoming a form of social housing for many groups. However, as Fahey and Watson have noted, despite the growth in the use and importance of rent and mortgage interest supplements, they are ‘part of the social welfare system ... have developed independently of housing policy ... [and] ... have no formal connection with social housing provision administered by the Department of the Environment and the local authorities’ (Fahey and Watson, 1995:149).

The need for and value of the SWA rent and mortgage interest supplements was acknowledged by the Review Group on the Role of Supplementary Welfare Allowance in Relation to Housing (Review Group Report 1995) which concluded that:

- rent supplementation is a lower cost housing option for single people than local authority housing;
- SWA is a flexible means of responding to the needs of tenants and mortgage holders;
- it can be a means of achieving social integration; and
- rent supplement should be considered as part of the State’s response to social housing provision.

However, the Review Group were concerned about the different manner in which households are treated under direct local authority provision and the SWA rent supplement approach. A need is immediately addressed under the SWA approach, whereas in the local authority system response to need is determined by resources and priorities. The Review Group concluded that it was not desirable to have two different and contrasting approaches to meeting social housing needs and called for an integrated approach to the allocation of housing resources by a single agency within a single legislative framework.

An Interdepartmental Committee, comprising the Departments of Environment and Local Government, Finance, Health and Children and Social and Family Affairs, was established in 1996 to examine the issues arising in transferring the administration of the rent supplement from the Health Boards to the local authorities in order to achieve a more integrated housing response. In 1999, the Interdepartmental Committee issued its report and recommended that:

- rent assistance should be provided by local authorities, as part of, and integrated into housing policy;
- short-term rent supplementation should continue with the Health Boards;
- mortgage interest supplement should remain with the Health Boards;
- local authorities should not provide rent assistance for accommodation that does not comply with regulations;
- reliance on rent supplement should be lessened; and
- the staffing consequences of the establishment of the rent assistance scheme should be examined.

A Planning Group on the Local Authority Rent Assistance was established as a result of this report, to identify the operational issues regarding the transfer to the local authorities. At the time of writing this planning group is still in session.

### Profile of Recipients

Typically, 45,000 households are in receipt of rent and mortgage interest supplements at any one time. However, it should be noted that households move through the supplement system for periods of less than one year. In 2001<sup>1</sup> there were 45,028 recipients of rent supplement, an increase of 5.5 per cent on the 2000 figure. There were 4,064 recipients of mortgage interest supplement, a decrease of 4 per cent from the previous year. Expenditure on rent supplement rose by over €28 million in 2001, an increase of 19% and accounted for 49.3% of total SWA expenditure.

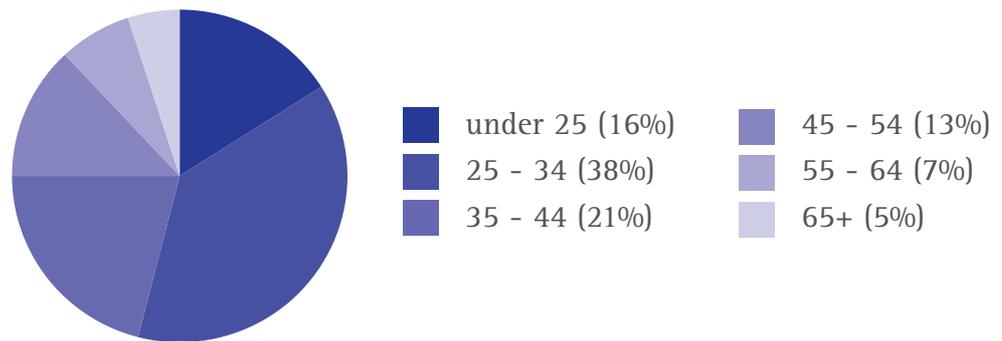
44 per cent of rent supplement beneficiaries are living in the Eastern Regional Health Authority (ERHA) area (which has 36 per cent of the general population), accounting for over half of gross expenditure on rent supplement. The next largest Health Board area in terms of expenditure on rent supplement is the Southern Health Board (which has 15 per cent of the general population), accounting for 14 per cent of total expenditure.

The highest proportion (38%) of rent supplement recipients are in the 25-34 age-group. Interestingly, 5 per cent of beneficiaries are aged 65 and over and living in the general private rented sector. (Tenants living

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<sup>1</sup> Information regarding 2001 is taken from draft figures provided by the Department of Social and Family Affairs.

in the specified de-controlled private rented sector are covered under a separate scheme administered by the DSFA).



*Figure 1 illustrates the age breakdown of rent supplement recipients for 2001.*

According to Fahey and Watson (1995), 66 per cent of households in receipt of rent supplement are comprised of one-person households. Fahey and Watson concluded that the factors influencing the routes to dependence on rent supplement were non-marriage, marital separation and the growth of one-parent families. According to the 2001 statistics, lone parents accounted for 20 per cent of beneficiaries of rent supplement. Twelve per cent of beneficiaries of rent supplement were claimants of long-term unemployment assistance (UA). In addition, 8 per cent of beneficiaries were claiming short-term unemployment assistance.

In 2001 approximately 5,100 asylum seekers were in receipt of rent supplement payments, which accounts for 11 per cent of all beneficiaries. Eleven per cent, also, of beneficiaries were categorised as being in employment support services, i.e Back to Work Allowance (BTWA), Community Employment (CE Scheme), Back to Education Allowance, Jobs Initiative, Vocational Training Opportunities (VTOS) and FÁS training programmes.

### Rent Supplement, Employment and Poverty Traps

The employment and poverty traps associated with rent supplement have long been known. These arise because of the withdrawal of the supplement for those working over 30 hours per week and the claw-back system for part-time workers and those on various employment and training programmes. A complex set of rules is in existence with regard to the retention of rent supplements which are outlined in

Appendix B. The partial or total loss of rent supplement is further compounded when affordable childcare is hard to find. The retention of medical cards when returning to work is also a key consideration. It would appear that people living in local authority accommodation may be in a much stronger position than those in the private rented sector to take up employment or training because of the way their rent is calculated.

The issue of the work/welfare trap associated with rent supplement has received increased attention in recent years. For example, *Partnership 2000* noted the unemployment trap inherent in the complete withdrawal of the rent supplement from claimants on taking up full-time employment and contained a commitment to alleviate the unemployment trap through the introduction of an appropriate tapering arrangement. The last national agreement, the *Programme for Prosperity and Fairness*, addressed the issue in the context of an overall review of the SWA system which has been undertaken by an Interdepartmental Group.

The facility to retain supplements is a significant consideration for people entering employment or training and for part-time workers. Continued entitlement to rent supplement, in order to supplement family income from part-time earnings, is generally regarded as important during transition from welfare to work and/or where part-time work is the only realistic option available.

Under current provisions (see Appendix B), where household income goes over €317.43 (£250) no form of rent or mortgage interest supplement is paid. As a result of changes made in Budget 2000, which allowed for the disregard of BTWA and Family Income Supplement (FIS) payments when calculating the weekly income limit, more households fall below the €317.43 per week limit. The tapering of rent supplement to CE participants is inequitable in comparison to entitlement for those on full-time schemes. CE participants work for only 19.5 hours per week, and, therefore, usually do not earn as much as full-time employees. Since January 2002, CE participants working less than 30 hours per week can be assessed as part-time workers under standard SWA rules and can benefit from the part-time income disregard where any additional income up to €50 per week can be retained without any reduction in rent supplement. The CWO is expected to assess applicants under both the tapered retention rules and the standard SWA rules and to allocate payment under the more favourable assessment method. However, new applicants for rent supplement who are already on a CE project do not have the option of

retaining 75 per cent of rent supplement in the first year because they did not have the supplement prior to starting on CE.

Despite the various changes introduced in recent years, the €317.43 per week income limit, in order to qualify for the retention of supplements, may still be a strong employment disincentive for many people in that people in some instances continue to be better off financially if they stay at home. For larger households with children the €317.43 income limit is particularly severe due to the higher costs of renting private accommodation.

## 2. Rent Supplement Tenants: Access to Accommodation

### Introduction

People on rent supplement experience difficulties in accessing accommodation. This is due to (a) the attitudes of some landlords to rent supplement tenants and (b) the difficulties of finding accommodation within the reasonable rent levels set by individual Health Boards.

### Landlords and Rent Supplement Beneficiaries

A study of landlords in Dublin and rent supplement (Memery and Kerrins 2000) found that landlords' awareness of the rent supplement is high but that this awareness does not translate into acceptance of rent supplement tenants. While over half (53%) of landlords surveyed said that they were willing to accept the rent supplement, only 18 per cent of those surveyed were actually letting to rent supplement claimants. Almost three-quarters (74%) of landlords stated that they prefer to let to employed tenants.

The reasons for landlords refusing to take rent supplement tenants are based on landlords' perceptions of such tenants as being likely to cause problems. Almost half (49%) stated that rent supplement tenants had particular social problems, 40 per cent considered that they were unlikely to take care of the rented property and over a quarter (26%) thought that their behaviour would upset neighbours.

Almost half (49%) of the landlords found the level of red-tape off-putting in relation to accepting tenants on rent supplement with the actual rent levels paid under the rent supplement scheme being of less importance.

In relation to dwelling type on offer to rent supplement recipients, the Memery and Kerrins study found that landlords accepting rent supplement were more likely to be owners of houses in multiple occupation, i.e., flats and bedsits, while apartment owners were less likely to accept rent supplement tenants. This finding raises issues around the age, quality and condition of the accommodation rented by those on rent supplement.

A 1998 study (Isis Research 1998) on rented accommodation in Dublin inner city found that some landlords were unwilling to let to rent supplement tenants, particularly those with children. The rents charged by landlords were also found to be higher than the reasonable rent levels set by the Eastern Health Board at the time.

There appears to be a tendency, particularly in the larger urban areas, for landlords to seek ‘professional’ tenants only. Also, much of the accommodation advertised is too expensive for rent supplement tenants. This desire by landlords to let to ‘professionals only’ is often reflected in the wording of their advertisements. Some newspaper advertisements explicitly state that rent supplement tenants are not welcome to apply.

Increasingly, landlords are employing accommodation or letting agents to locate prospective tenants and let properties. These agencies may also provide a management service and deal with matters arising regarding the tenant. It could be presumed that having properties managed by professional letting agencies would increase the chances for a rent supplement tenant of finding accommodation in this manner, as an agent may not focus on the source of the rental payments. However, feedback during the course of this study suggests that letting agents around the country tend not to let to rent supplement tenants. This may of course be due to the fact that landlords inform letting agents that they will not accept rent supplement tenants.

The competition for private rented accommodation between different income groups and household types makes it difficult for rent supplement tenants to find accommodation. This shortage of supply in the private rented sector, coupled with the shortage of supply in other tenures, often means that landlords can have the pick of their desired tenant types. In cities and towns with third-level colleges there is considerable pressure on rented accommodation at the lower end of the market as students compete with rent supplement tenants for available rented accommodation. The problem is less acute in other towns where landlords do not have the same choice of tenants.

The type and size of city centre accommodation available to rent supplement tenants sometimes means that families with children have difficulty in finding suitable accommodation and have to move further and further away from the centre or, alternatively, rely on older accommodation in poorer condition. The reality is that new town centre apartments tend to service the upper end of the private rented market and newly built apartments tend to be aimed at working or professional people and/or are not suitable for families with children. While tax incentives to landlords in particular designated areas add to the supply of private rented accommodation around the country and while these apartments may provide good quality accommodation, they are out of the reach of rent supplement beneficiaries as the rent is frequently in excess of Health Board reasonable rent levels. At the same time the

traditional private rented sector is declining as some of the dwellings containing older flats and bedsits are returning to owner occupation. Also, there may be a growing trend for professional people to share houses which limits the availability of such accommodation for families.

Because of having to move to outlying areas due to the high cost of city centre accommodation, families may face an additional access difficulty, for example, bringing children to school since it is likely that many rent supplement recipients would not be car owners.

The work involved and time spent by people on rent supplement in searching for suitable accommodation can be enormous. At present there is no central source of information on landlords willing to take rent supplement tenants available to the public and, consequently, each person has to make an individual search. The reality is that people who do eventually manage to find accommodation within the rent supplement system often have to take accommodation of poor standard at the lower end of the market.

### Reasonable Rent Levels and Market Rents

Each Health Board sets down every year the reasonable rent levels for different household types. Health Boards are required to take into consideration market rents at the lower end of the market when setting these levels. The actual rent payable by the tenant and the reasonable rent level set by the Health Board are compared and the lesser of the two is applied as a rent base. In setting reasonable rent limits in particular situations CWOs are directed<sup>2</sup> to take the following factors into account:

- the number of persons residing in the household;
- whether there is a realistic prospect of obtaining accommodation within the limits set;
- whether a client is over accommodated and could reasonably sublet/share part of his/her dwelling; and
- reasonable rent limits may also be set in respect of persons sharing accommodation, i.e., an acceptable figure may be set for the accommodation unit, and then divided to obtain a rent base.

Health Boards can make payments in excess of these limits where there are exceptional circumstances.

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<sup>2</sup> Community Welfare Officers' Procedures Manual, p. 94.

While the ‘base rent’ upon which the rent supplement is calculated may differ from reasonable rent limits set by the Health Board, Threshold reports that, in their experience, where a rent is above the reasonable rent levels, the CWO may instruct the recipient to find new accommodation within the relevant limit. Regional rent limits may also be set by a Superintendent Community Welfare Officer (SCWO), which reflect the variations in the cost of renting property within the Health Board area. However, such ‘regional limits’ must always be within the Health Board rent limits.

The Guidelines on Reasonable Rent Levels also note that there are ‘exceptional circumstances’ in relation to the amount of rent supplement that may be paid.

- Legislation permits, in exceptional circumstances, that reasonable rent limits may be exceeded;
- Such cases should only be paid with the approval of the SCWO who must notify the SWA section in the Department of Social and Family Affairs.

### Setting Reasonable Rent Levels

A key issue identified from the present study was that reasonable rent levels in various parts of the country were not keeping pace with current market conditions and related rent increases and were, therefore, insufficient for many rent supplement tenants seeking accommodation.

A related issue is that Health Boards cover wide areas and the reasonable rent levels do not necessarily reflect the local markets which operate within these broad areas. This issue of variations in market rent levels within Health Board areas is particularly acute in Health Boards with both rural and urban catchment areas. In such instances, while the reasonable rent levels may be adequate for those living outside the urban areas, this may not be the case for those in city locations.

Increases in rent and house prices in one area can lead to increased demand for accommodation in other areas with a consequent increase in rent prices, including renting at the lower end of the market. Some Health Boards (North Eastern Health Board, Southern Health Board and Western Health Board) have since 2001 set different maximum reasonable rent levels for different areas within Health Boards (see Appendix C). For example, the North Eastern Health Board has put

separate limits in place to cover 3 and 4 bedroom accommodation in higher rent areas close to Dublin, such as Dunboyne, Clonee, Ashbourne and Dunshaughlin. There is a need for additional mechanisms for establishing variable reasonable rent levels within and between Health Board areas in order to deal more effectively with market forces.

The recent (November 2002) decision by the Minister for Social and Family Affairs to limit by Regulations the amount of rent in respect of which Health Boards may pay rent supplement is based on the perception that landlords may be revising their rents upwards in response to changes in maximum rent levels set by Health Boards. While the intended effect of this action is to restrain landlords from raising rents, careful ongoing monitoring will be required to ensure that this is the case and that rent supplement tenants do not experience difficulties in accessing accommodation due to ongoing rent increases arising from market pressures.

### Single Persons

Evidence gathered during the course of the study pointed to accommodation difficulties for single people in various parts of the country with considerable gaps being identified between market rents and reasonable rent levels particularly in respect of 'reasonable quality accommodation'.

There is evidence of significant difficulties finding accommodation within the reasonable rent level for single people in the Dublin area (€107 in 2002/3). While it may be more financially feasible for single people to share accommodation (which also tends to be of higher quality), this is often not an option for a variety of reasons.

### Households with Children

Families with children also have difficulties in accessing accommodation within the reasonable rent system due to a combination of high rent levels and a reluctance by some landlords to take children. However, there was evidence that CWOs allowed the rent supplement in cases where the market rents for family accommodation were above the reasonable rent levels set for families.

## Paying the Difference between Market Rents and Rent Supplement Received

There is often a difference between the market rent paid and the rent supplement received by beneficiaries, and this difference has to be made up from other sources. In such situations people may end up returning to the CWOs seeking Exceptional Needs Payments (ENPs) to assist them to make their rental payments. A question arises, therefore, as to the rationale for not giving people adequate rent supplement in the first place. It may be the case that the ENPs requested are linked to utility bills as there is no provision within the ENPs to top up rents. In situations where people do not receive ENPs to reduce the rent payment gap, other bills, such as the electricity bill, may go into arrears.

Another issue identified is that tenants sometimes had an increase in rent which had not been brought to the attention of the relevant CWO because the recipients were aware that the new rent was above the reasonable rent level. Attempting to cover these increases from their other resources created further indebtedness and poverty.

The issue of bridging the rent gap through use of other social welfare payments can lead to households falling into further debt and/or struggling to meet their food and clothing needs. The gap between rent supplement and the real rent obviously adversely affects people's financial circumstances and may result in people eventually having to move to cheaper, but inadequate or substandard, accommodation.

## Increasing the Reasonable Rent Levels

While increasing the reasonable rent levels might increase the amount of accommodation available to rent supplement tenants, it may be that landlords would raise rents accordingly, particularly if, as already suggested, there is a bias by landlords against rent supplement tenants.

## Selected Categories of Users: Issues Identified

### *Young Adults*

The general qualification criterion that a rent supplement applicant must show a need for accommodation is particularly relevant for young persons leaving the family home. Valid reasons identified by departmental guidelines<sup>3</sup> include:

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<sup>3</sup> Community Welfare Officers' Procedures Manual, p.93.

- where a client has established and maintained an independent household in the past, e.g. taken up accommodation while in employment;
- where the client is required to leave home so as to participate in approved training schemes;
- where it is evident that there is overcrowding in the family home;
- where it would be unreasonable to expect the client to return home (e.g. where there are social problems and/or risk situations – verification from appropriate professionals is normally required, e.g. social worker, GP).

The CWO must be satisfied that a genuine housing need exists and, consequently, young people under 25 are often required to provide documentation, proving that it is no longer feasible for them to live in the family home, e.g., evidence of violence, abuse. Frequently, there are difficulties in supplying such documentation. In addition, many of those who want to set up independent homes are not coming from a household in a crisis situation. There is an added complexity in that some young adults seeking rent supplement in order to move out of the family home are also lone parents. The existing criteria and the level of documentary proof required make it difficult for young people to prove that they have a legitimate reason for moving to independent accommodation. There is also an issue in that the extent of work demanded from a CWO in order to process a rent supplement application from young people is considerable and usually in such situations the application has to be referred to a Superintendent Community Welfare Officer.

A key issue regarding rent supplement for young adults relates to the benefit and privilege or non-cash benefit rule that restricts their access to social welfare payments when living at home, particularly where their parents are working. In order to access benefits young people have to leave and set up an independent home and frequently this involves applying for rent supplement and a deposit for private rented accommodation.

There is some evidence to suggest that deposits are not readily available for young adults in some parts of the country even though they may be deemed eligible for the rent supplement (see Chapter 3).

### *Asylum Seekers*

Asylum seekers arriving in Ireland on or after April 10th 2000 are subject to 'direct provision' introduced by the Department of Justice, Equality and Law Reform. This means that newly arrived asylum seekers are directly allocated full-board hostel/hotel accommodation by the

Directorate for Asylum Seekers, typically outside Dublin. As part of this direct provision, asylum seekers can no longer access a basic payment under the SWA system. Instead they receive a residual income maintenance payment of £15 (€19.05) per week for an adult, and £7.50 (€9.52) for a child.

The following guideline has been issued to CWOs when they are dealing with a request for a rent supplement from an asylum seeker in receipt of the direct provision arrangements.

In general, a person who has been placed in full-board accommodation who subsequently applies for rent supplement or assistance towards a rent deposit should be regarded as not having an accommodation need and rent supplement and deposits should not be paid in these instances. Where a Board feels that it is appropriate to do so in exceptional cases because of particular circumstances which justify an exception being made, then rent supplement and where necessary an ENP [Exceptional Needs Payment] for a rent deposit should be paid<sup>4</sup>.

There are many issues which arise in relation to asylum seekers accessing rent supplement and the policy of ‘direct provision’. These relate mainly to the opportunities for asylum seekers to move out of emergency and direct provision accommodation and into the private rented sector.

There appears to be a lack of clarity in some areas on practices relating to the move from direct provision accommodation to the private rented sector. It would appear that a more proactive approach to accommodating asylum seekers under the rent supplement scheme is being taken in some areas than in others. Where there are exceptional circumstances, a Health Board may allow a person to move into private rented accommodation. While this option is not dependent on a person’s family make-up, evidence from information/advice workers is that single people are generally told to stay in direct provision hostels while families and pregnant women may be allowed into the private rented sector under the rent supplement scheme.

A key issue identified was that by accessing the rent supplement and leaving the accommodation provided under the direct provision, people would then be entitled to mainstream SWA income measures rather than having to rely on ‘direct provision’ payments.

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<sup>4</sup> SWA Circular No. 4/2000

### *Former Local Authority Tenants*

There are difficulties encountered by people trying to access rent supplement after leaving or having been evicted from local authority housing. The reasons why people leave local authority housing can be varied, ranging from social difficulties such as harassment or violence in the home, to eviction due to rent arrears or anti-social behaviour.

### *Anti-Social Behaviour*

The issue of accessing the rent supplement following the loss of local authority accommodation due to anti-social behaviour came into sharp focus as a result of the Housing (Miscellaneous Provisions) Act 1997. Under Section 16 of this Act, Health Boards can refuse rent supplement to those who have been refused, removed and/or evicted from local authority housing due to anti-social behaviour. Memery and Kerrins (2000) found that tenants/occupiers, whom the local authorities wish to evict or remove for anti-social behaviour, may move on before court action is taken in order to avoid losing access to SWA rent supplement for private rented accommodation. While in such instances the Health Boards contact local authorities to establish whether anti-social behaviour was behind the person/family deciding to leave local authority accommodation, the discretionary element of the CWO's decision remains as long as court proceedings are not completed.

It would appear that generally where children are involved in a case of exclusion due to anti-social behaviour, rent supplement will eventually be granted, although the family concerned would probably be housed in B&B accommodation for a period of time.

### *Harassment*

There is also an issue in respect of people who leave local authority accommodation due to harassment from neighbours in that they may be regarded as having deliberately made themselves homeless.

### *Rent Arrears*

In some areas CWOs and Money Advice and Budgeting Services (MABS) come together to try and work out a financial plan when a householder is on the verge of eviction from local authority accommodation due to rent arrears. Typically, the householder has already begun queries regarding accessing rent supplement in order to seek alternative accommodation, which is when the issue of local authority rent arrears arises. MABS works towards assisting the household to keep their local authority accommodation and thereby eliminate the need for rent supplement.

## 3. Administration of Rent Supplement Scheme

### Introduction

There are a number of issues which arise in relation to the current operation and administration of the rent supplement scheme. These refer to the discretionary nature of the payment and the problem of ensuring equity of access in such a system. Other related issues are access to information, different procedures in different parts of the country, difficulties in accessing CWOs and the lack of an adequate regulatory framework for the private rented sector in general.

### Rent Supplement: a Discretionary Payment

The underlying rationale for the SWA system is that it can respond immediately to situations and has an inherent flexibility which allows it to do so. The rent supplement system operates under guidelines issued to CWOs by the relevant Health Board and the DSFA. The means of calculating rent supplement, the reasonable rent levels and the circumstances in which they should be given are set down, as described in Appendix B.

In practice, discretion exists in respect of basic eligibility and entitlement to rent supplement and in relation to additional payments such as deposits and top ups of rent supplement. At a local office/Health Board level discretionary practices may have developed and become the norm. Also, discretionary practices may operate at the individual CWO level, for example, requesting land registry deeds to prove property ownership when such would not normally be required. In some situations identified in the present study people clearly benefited from discretionary practices, due to both the CWO's and the SCWO's detailed knowledge of their circumstances.

While there are clear advantages to discretion and flexibility in the SWA system in that it can respond quickly to unusual circumstances, flexibility in the rent supplement system leaves decisions open to the judgements of individual CWOs. This, according to information/advice workers, is sometimes clearly to the detriment of the prospective tenant.

Previous research on rent supplementation has identified problems in respect of the administration of the scheme:

- The Community Welfare Officer (CWO) assesses the applicant's genuine need for housing. The CWO can form the opinion that such a need does not exist with 'payment patterns reflecting

administrator's views rather than claimants needs' (Combat Poverty Agency 1991:4);

- There can often be a gap between the figure considered to be a reasonable rent by the Health Boards and the actual rent being charged by landlords. This gap is often met out of the tenant's pocket (Isis Research 1998:40) and this can mean a lack of income for other necessities. However the capacity to top up rent out of a tenant's own resources could mean the difference between getting accommodation or not.
- If the accommodation is considered by the CWO to be unsuitable for the tenant's needs, the CWO may refuse to grant the supplement (Isis Research 1998:42).

The 1991 Combat Poverty Agency study commented that many respondents experienced making a claim under the SWA as a form of begging and felt that they had to make a personal case for payment.

A related issue is that information/advice workers have difficulty in providing information when 'the system is not black and white'. In the end the information/advice worker may have to inform the client that they may or may not receive rent supplement. Also, it is not always possible for information/advice workers to tell clients precisely what documentation from landlords is essential to allow applications to be processed. This is due to variations in practice by different CWOs.

Access to CWOs for clients is widely regarded by information/advice workers as being inadequate. There is a general perception that the workload of CWOs is too heavy with the basic problem being the level of staffing *vis a vis* the number of clients. In particular, there is an imbalance between the amount of administrative work required from the CWO and the time actually spent with clients and on assessing applications. As the Comptroller and Auditor General Report stated, 'it was never envisaged that SWA would have to cope with a large volume of rent and mortgage supplements and there is widespread agreement on the need to change current arrangements' (1998:19).

In relation to the actual hours that CWOs are available to clients, it is clear that access varies. In some instances services are open to the public on Tuesday to Friday from 9.30 a.m. to midday while in others access to CWOs is extremely limited, based on, for example, one hour for two days per week. The number of clinics that CWOs in many instances have to cover compounds their heavy caseload. This means that they are not easily accessible to either clients or information/advice workers. Previous research (Ralaheen 2000), based on users'

perspectives and experience of accessing social and information services, identified short and varying opening hours, unmarked entry points to buildings, inaccessible premises and inadequate information as key shortcomings in the general delivery of SWA services. The physical conditions in some CWO clinics is an ongoing issue. For example, people with children often have to queue for hours in health centres with poor facilities.

### Information Advice Workers' Access to CWOs

Information/advice workers tend to have developed their own access routes to CWOs. A general point that emerged from the present study was that information/advice workers were more likely to have telephone access to CWOs than members of the public. However, while individual CWOs may be quite accommodating in providing, for example, mobile telephone numbers and responding to calls from information/advice workers, other instances were identified where workers experienced great difficulties in getting CWOs on the telephone.

The study pointed to information/advice workers in some parts of the country having established working relationships with CWOs which facilitated their advocacy role. It was noted that information/advice workers tend to build working relationships with particular CWOs and that these 'favourite' CWOs are contacted when information, advice or action is required. A specific example of effective partnership between CICs and CWOs was the SCWO sending a memo to the CIC stating where each CWO would be across the county should information/advice workers need to get in touch with them. However, another CIC reported a case where they advocated with a CWO on behalf of a client who had not received her rent supplement and were told that there was no need for the CIC to 'interfere' between clients and CWOs.

### Access to Rental Deposits

Rental deposits are required in order to access private rented accommodation, and normally equate to one month's rent. For those tenants in receipt of rent supplement, a CWO can make an Exceptional Needs Payment to contribute towards a rental deposit. During 2001 there was a total of 8,319 deposits paid to the value of €3.5 million. However, the payment of deposits operates on a discretionary basis and access to a rental deposit is not guaranteed.

Accessing first rental deposit payments was reported as being particularly problematic for people who had difficulty accessing rent supplement in the first place. These included young people (including lone parents) leaving the family home. Some CWOs were perceived by information/advice workers as sometimes expecting such people to have saved the deposit because they were living at home.

#### *Reasons for Repeat Deposit Applications*

Rent supplement beneficiaries often require more than one deposit. This is typically due to the loss of deposits when changing accommodation. Retention of deposits by landlords can sometimes be a contentious issue between landlord and tenant. While the retention may or may not have been due to the tenant's own actions, ultimately a deposit is usually required for further accommodation in the private rented sector.

Information/advice workers stated that deposit retention often occurs without justification, for example, landlords citing damage to furniture, unpaid bills, outstanding rent, when such is not the case. Information/advice services sometimes take on an advocacy role on behalf of such tenants in an attempt to get back the deposit.

Some tenants misuse their deposits by spending the money elsewhere or losing it through damaging landlord property. Some tenants do not realise that they are not automatically entitled to claim another deposit, particularly where they have misused the first deposit. One approach taken by information/advice services is to encourage payment by the CWO of the deposit directly to the landlord.

The practice by tenants of using their deposit to pay the last month's rent is perceived to be relatively common because tenants are concerned about losing the deposit. At the same time the rent supplement for this period is received and spent on other items, thereby, leaving the tenant without a deposit for his/her next home.

#### *Ease of Access to Further Deposit Payments*

As the payment of deposits is on a discretionary basis, so too is the number of deposits that a beneficiary may receive. While in some instances a second deposit can only be obtained with great difficulty, the experience is that if a landlord has retained the deposit, then a supporting letter from an information/advice service often results in another deposit being made available.

If the applicant does not attempt to get the deposit back from the landlord, application for subsequent deposits, understandably, would not be looked upon favourably by the CWO. In some instances where tenants state that the landlord did not return their deposits, the CWO may contact the landlord who sometimes claims that the tenant is in rent arrears. It is in practice very difficult for a CWO to establish the correct information regarding the reasons behind the retention of the deposit.

While there has to be a realistic perspective on the number of deposits that should be given, cognisance needs to be taken of the particularly difficult private rental market in operation in some areas and of the fact that landlords frequently retain deposits, often for legitimate reasons. However, there is a need to recognise that it may well be that access to a second deposit can mean the difference between being housed and being homeless.

#### *Role of Local Authorities in Deposit Payments*

There is variation in practice across the country in relation to the provision of deposits by statutory agencies. In some areas the responsibility rests with the local authorities while in others the Health Board is the responsible agency. However, it appears that there is a lack of clarity about the matter in some areas. In at least one instance there was a difference between policy and practice, with a Health Board reported as stating officially that it was the local authority's responsibility to give deposits but actually providing them to some people.

This lack of uniformity in agency responsibility for payment of deposits, not surprisingly, causes some confusion for people seeking rented accommodation. Delays in accessing deposits may in practice result in loss of accommodation for prospective tenants. In order to avoid these problems, the Integrated Strategy on Homelessness, comprised of a cross-departmental team, has recommended that, as Health Boards are currently responsible for the payment of rent supplements, they should also be responsible for the payment of deposits where these are required (Department of the Environment and Local Government 2000a). The process should, of course, become more streamlined when local authorities take over responsibility for the rent assistance scheme as planned.

#### *Types of Documentation Required*

In order to apply for all payments under the SWA scheme, the applicant must complete the SWA1 form. In this comprehensive form the applicant is required to provide the Health Board with details of all financial, personal and household circumstances. Other documentation

may be required to back up the information given at this point, for instance, bank statements. A standard application forms exists for the rent supplement (SWA3) and for the mortgage interest supplement which have to be completed for all new claims.

In order to qualify for a rent supplement, an applicant must satisfy the Health Board that a *bona fide* tenancy exists. According to departmental guidelines, the CWO may request that the following documents be produced<sup>5</sup> for the purposes of verifying that a *bona fide* tenancy exists.

- rent books, or lease agreements, as specified in the Housing Act 1992; and
- suitable rent receipts at specified intervals.

#### *Practices Regarding Documentation*

Health Boards generally insist on receiving the official application form (SWA3) completed and signed by the landlord. In addition, tenants must produce evidence of their tenancy, e.g., a rent book or a lease. In some instances proof of ownership of the rented property is required. However, if the landlord refuses to complete the SWA3 form, the CWOs may accept a lease agreement for the tenancy instead. As some landlords do not appear to abide by the rent book regulations, it was stated that sometimes tenants have to purchase a rent book themselves and present it to the landlords for completion. However, rent books or receipts are not generally considered acceptable in lieu of the SWA3 form or a lease agreement.

A difficulty arises in some instances where the practice varies between CWOs, even in the same Health Board. The point was made that the type of documentation accepted by CWOs is sometimes determined by an intervention by Threshold or another independent information provider. For example, if a Threshold advice worker rang the CWO and explained that the tenant had a rent book or a lease but that the landlord would not sign the SWA3 form, the CWO may process the rent supplement application without this form.

Further discrepancies relate to the variety of additional documentation required by those under 23 or 25 years (depending on where they live) wishing to leave the family home and applying for a rent supplement. As already stated, it is frequently necessary for this age group to provide

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<sup>5</sup> Community Welfare Officers' Procedures Manual, p. 93.

the CWO with supporting documentation stating why they have to move from home. However, in other situations outside verification of family circumstances is not required because, perhaps, the CWO is already *au fait* with the particular situation.

#### *Documentation from Health Boards*

An SWA Circular (No. 7/98) from the DSFA to the Health Boards regarding the notification of decisions of determinations in connection with the right to appeal states that:

a decision or determination of a claim to Supplementary Welfare Allowance by any officer of the health board must be in writing and signed by the said officer. Where the decision is not favourable the reasons for the decision must be attached to the decision...and the reasons for it must be issued in writing to the applicant as soon as possible after the decision/determination is made.

In practice, it appears that reasons for the refusal are not always provided in writing. This is obviously contrary to the above directive.

### **Regulations Governing the Private Rented Sector**

Current legislation provides for:

- minimum notice to quit and surrender periods for tenants;
- the provision of rent books by landlords to tenants;
- the registration of units of private rented accommodation with local authorities; and
- the setting of minimum physical standards that private rented dwellings should meet.

While the enforcement of the notice to quit, rent book, registration and minimum standards regulations lie with local authorities country-wide, these regulations have an impact on the work of CWOs in relation to rent supplement applications. A number of issues around the enforcement of these regulations emerged during the course of the study.

#### *Inspection Practices and Minimum Standards*

Guidelines to CWOs recommend that, in processing rent supplement applications and verifying tenancy, home visits should be carried out,

where possible, particularly where any doubt as to the tenancy exists and that a record of all home visits should be maintained on case files<sup>6</sup>.

An additional aim of such inspections is to assess the suitability of the property in question in meeting the needs of the tenant and the appropriateness of the Health Board approving a rent supplement application for the property.

The general picture which emerged from the study is that it is the policy of Health Boards not to pay rent supplement in respect of substandard properties and that, as a rule, rented properties are inspected by CWOs as part of the decision making process on rent supplement applications. However, it appears that the inspection of properties, while included as part of the approval process, may not always take place because of pressure of work on CWOs. In some instances, CWOs' knowledge of individual properties and landlords is strong and this may be sufficient to allow a decision to be made without a specific inspection.

CWOs are faced with a difficulty if they refuse a rent supplement on the grounds of a property being below minimum standards because this may result in the people involved being homeless, at least temporarily.

The practice exists in some instances where, upon discovering that a dwelling for which rent supplement is being paid is declared by the local authority to be below minimum standards, the CWO stops the rent supplement payment. In other instances, where a CWO decides that a rented property is not suitable, s/he may allow time to the tenant to find alternative accommodation and the rent supplement is paid during the intermediary period. However, there is evidence to suggest that in some situations rent supplement is being paid on a long term basis in respect of substandard accommodation.

CWOs visit properties to assess the suitability of the dwelling for rent subsidisation by the Health Board but they have no powers or obligation to inspect the property under minimum standards regulations. A CWO may, of course, report a dwelling in poor condition to the Environmental Health Officers.

While, as a general principle, rent supplement should not be paid by CWOs on property which do not meet the minimum standards, such

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<sup>6</sup> Community Welfare Officers' Procedures Manual, p.93.

wide-scale action by CWOs would ultimately hurt only the rent supplement tenants for whom accommodation is already in short supply. One way of dealing with this issue is for CWOs to place the tenants concerned in bed and breakfast accommodation on a temporary basis until suitable rented accommodation is found. However, many tenants may not want this type of accommodation and, in any case, such accommodation is not suitable for families.

#### *Registration of Private Rented Accommodation*

The registration of rented houses with local authorities became compulsory for landlords in 1996. This registration requirement was introduced to help local authorities ensure that the properties met minimum standards, and an initial and annual registration fee (€51 per unit of accommodation) was introduced to fund local authority inspections of rented property. In September 2002, 24,983 houses and 15,787 landlords were registered with local authorities<sup>7</sup>. However, it is not clear what proportion of rented accommodation complies with the registration requirements. The Report of the Commission on the Private Rented Residential Sector (Department of the Environment and Local Government) referred to 'a high level of non-compliance by landlords with the provisions of the Standards and Regulations and a very low level of enforcement activity by local authorities' (2000:95). The Commission recommended that registration regulations should be amended to provide for the initial registration of each unit of accommodation and a renewal of registration every 4 years thereafter.

There is no legal requirement on CWOs to only pay rent supplement on properties that are registered with the relevant local authorities. SWA Circular No. 2/97 to Health Boards makes it clear that registration of the property is not a condition of receipt of rent supplement. In practice non-registered properties are not at present normally excluded from the rent supplement system but this may not continue to be the case when administration of the rent supplement becomes the responsibility of local authorities.

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<sup>7</sup> Quarterly Housing Statistics Bulletins (Department of the Environment and Local Government).

## 4. Rent and Mortgage Interest Supplements: Access to Information

### Introduction

Research to date on the SWA system has been critical of the lack of public information on the scheme and has identified the effects of these information deficits. A 1991 Combat Poverty Agency Study found that public information gaps can result in low SWA take-up rates (Combat Poverty Agency, 1991). The Goodbody Report (1998) noted the information deficits in relation to the retention of secondary benefits, such as rent and mortgage interest supplements, at both recipient and administrative levels. Another 1998 study found that CWOs do not always give information to applicants on issues such as reasonable rent levels, or the availability of Exceptional Needs Payments (Isis Research, 1998). The dearth of public information on the rent supplement in particular was found to result in word of mouth being the most usual source of information for tenants (Guerin, 1999).

The key information access issue relates to the information on supplements distributed centrally by the DSFA and the ‘on the ground’ information on the supplements provided by the Health Boards to both clients and information/advice workers.

### Deficits in Public Information

The evidence that emerged from this study was that comprehensive information about all SWA-related entitlements, including the rent and mortgage interest supplements, is not clearly accessible to the public. For example, the Department of Social and Family Affairs booklet detailing the SWA system (SW54) was seen by some information/advice workers as not adequate in terms of the comprehensiveness of the information contained in it relating to rent supplement.<sup>8</sup>

While much of the overall information on rent and mortgage interest supplements is provided by the DSFA (i.e. eligibility for the supplement, calculation of the supplement, appeals, etc.), there is also a ‘local’ discretionary element to the rules and regulations. While information on the calculation of the rent supplement and on local practice and interpretation is available to organisations such as CICs, Threshold and Centres for the Unemployed as well as through Comhairle’s Citizens Information Database, such information may not always be available to individual citizens at the point of contact for services.

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<sup>8</sup> This is being revised and updated by the Department of Social and Family Affairs.

The role of the information/advice worker as an intermediary between the CWO and the client is significant in that s/he can on many occasions make contact on a client's behalf and get an explanation of the criteria used which the client often accepts once a clear explanation has been provided.

The lack of co-ordinated information on the time and place of CWO clinic hours causes difficulties for rent supplement applicants and recipients in some instances. Some rural areas may only have a CWO visit once weekly and if missed it would be another week before the applicant or claimant can receive payment or, alternatively, the people involved would have to travel to different villages in an attempt to catch up with their CWO.

The lack of public information sometimes results in applicants running between agencies<sup>9</sup> in order to access their entitlements. Clients often do not know of the existence of payments that they can access under the SWA system and are unsure as to the correct agency to approach to get assistance with accommodation costs. Also, for example, people may not always understand the concept of a deposit as a discretionary payment and the fact that subsequent deposit payments are very difficult to get from CWOs.

A particular problem was identified regarding the environment within which CWOs provide information to their clients in some instances. The CWO may be located in an office that is not fully private and, consequently, people have to conduct their business in a semi-public arena.

#### *Retention of Rent Supplement*

There is an information deficit in respect of the rules governing retention of rent supplements. Clear guidelines are not always readily available to the general public or, indeed, to information/advice workers and there is some evidence to suggest that public officials do not always fully understand the complex criteria involved. Therefore, it can be difficult in some instances to establish if a person has received his/her full entitlement. For example, some of the information/advice workers participating in the present study felt that they were insufficiently well informed in relation to both how the Back To Work Allowance impacted on rent supplement and on measures on tapering and disregards.

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<sup>9</sup> See also Ralaheen, *Pathways to Information: Developing an Integrated Approach at Local Level*, Comhairle, 2000.

There was some evidence in the study to suggest that CWOs in a small number of instances did not differentiate between mainstream employment and employment/training/back to work schemes within which rent supplement was payable and, as a result, payment of rent supplement was terminated. In some of these situations the problem was remedied following intervention by information/advice workers.

Information and advice workers receive their information and training on the SWA system and the operation of the rent and mortgage interest supplement schemes from a number of sources, depending on their parent organisation, including:

- Comhairle;
- DSFA SWA policy section;
- Health Boards and CWOs;
- ICTU and individual trade unions;
- voluntary/community organisations.

The level and quality of this information and training emerged as an issue in the study. Information available on the means of calculating the rent and mortgage supplements was seen as too complicated and difficult to understand. Some information/advice workers felt that they did not receive adequate training in respect of dealing with rent/mortgage interest supplement queries. The quality of the training appeared to vary depending on the parent organisation, the location of the service and the employment scheme under which the information/advice workers were employed.

There were some instances of CWOs providing training to CICs on the SWA system. Indeed, CWOs were regarded as a particularly important source of information for information/advice workers not only on the workings of the SWA scheme itself but also in respect of information on how local CWOs deal with the element of discretion in the scheme.

During the course of the study the difficulties of providing comprehensive information in relation to a discretionary system were acknowledged. While clearer and more comprehensive information could be provided, the fact that the provision is discretionary means that there is a limit to the usefulness of general information.

Another view that emerged on information giving in relation to a discretionary system is that it is always in the client's interest to check it out with the CWO. A very detailed information pack might close off that possibility in that people reading it may take the view that they

are not entitled to a benefit and may, as a result, lose out on something that they might be granted in the discretionary context.

While information generally empowers people and allows them to exercise their rights as citizens, the discretionary nature of the SWA means that placing the ‘rules’ of a discretionary system in black and white may mean that those in need of assistance under the scheme might be less likely to apply, and would then not ‘gain’ from the system.

### Addressing Information Deficits

A number of ways in which the information deficits identified might be addressed emerged during the study which are summarised as follows:

- The DSFA should engage with end users, information providers and voluntary/community organisations in order to ensure greater clarity and precision in language.
- An information pack should be given to social welfare claimants as a matter of course on first point of contact with the system. This information pack would cover all entitlements, including those arising in the SWA scheme.
- The DSFA and Health Boards should inform claimants of the existence of CICs, MABS, Centres for the Unemployed, Threshold and other voluntary/community organisations with an information/advice/advocacy role when they first come into contact with the social welfare system.
- More emphasis should be placed on people’s right to appeal a decision made by a CWO – in this regard statutory officials should direct people to independent information/advice agencies for assistance.
- More comprehensive and ongoing training on the social welfare system, particularly the SWA scheme, should be available at local level. Particular attention will need to be paid to training in information giving prior to the introduction of the proposed new local authority rent assistance scheme.
- Health Boards should provide more comprehensive information at local level to independent information/advice services covering the local perspective and the local interpretation of departmental guidelines.

## 5. Key Issues Emerging

### Introduction

The Discussion Paper raises a number of issues which require attention, some at the level of overall social housing provision and others at the operational and administrative levels of the rent supplement scheme. The issues are considered here under a number of broad headings, as follows:

- the role of rent assistance in social housing;
- work disincentives associated with rent supplement;
- operation of the rent supplement scheme;
- tenant/landlord legislation;
- private sector tenants and housing policy;
- role of local authorities;
- information, advice and advocacy;
- the rent supplement scheme and housing rights.

### Housing Support: The Role of Rent Assistance

The role of rent assistance must be considered in the broader context of housing subsidies in general with particular reference to social housing (direct provision by local authorities and provision through the voluntary housing sector).

While rent supplement has become a key instrument in social housing, this has happened in an altogether unplanned and non-integrated manner in the context of income support rather than housing policy. In effect, a scheme of ‘last resort’ has become a cornerstone of current social housing provision. Also, while housing occupied by tenants dependent on rent supplement is likely to be poorest in terms of quality of accommodation and enforcement of rights of tenants, this form of housing received state subsidies to the value of almost €151 (£119) million in 2001.

While there is a *prima facie* question here as to whether this level of resource allocation to the private rented sector is the most appropriate in terms of providing accommodation for low-income households in the longer term, the reality is that there are currently some 40,000 households in receipt of rent supplement and that this situation will continue for some time.

Many of the issues relating to the SWA Rent Supplement Scheme were identified in the 1999 Interdepartmental Report, *Administration of*

*Rent and Mortgage Interest Assistance.* This referred in particular to the need for greater integration of the rent supplement scheme with other provisions for social housing.

The major growth in expenditure on rent supplements has occurred largely in a housing policy vacuum with little planning and anticipation of emerging trends. In this sense the SWA rent supplement has been a reactive mechanism to cope with emerging housing needs. While this has clear positive aspects in terms of flexibility and potential for quick responses to need, a number of questions arise:

- (i) Where does the rent supplement scheme fit in terms of general and long-term social housing policy?
- (ii) To what extent is the rent supplement scheme underpinning rising market prices and/or minimum market rents for poor quality and unregulated accommodation?
- (iii) Do the current eligibility criteria for rent supplement cater adequately and equitably for all households relying on the private rented sector?
- (iv) How can a rent assistance scheme contribute to greater inclusiveness in the current climate of restricted availability of affordable housing for many people?

Currently assistance under the rent supplement scheme is not available to those in full-time work and on low wages who are sometimes in as much need of assistance with housing costs as those on social welfare with broadly equivalent income. While the provision of limited tax relief against rent paid has provided some level of assistance, it is insufficient and does not cater for those whose income is below the tax threshold. This issue needs to be addressed since there is likely to be a continuing high reliance on the private rented sector.

In the long term the issue of rent supplement should be considered in the broader context of the need for a comprehensive benefit scheme to cater for all people dependent on the private rented sector for housing.

#### *Housing Benefit and the Private Rented Sector*

In view of the continuing high level of reliance on the private rented sector, in the short to medium-term at least, the question of a comprehensive housing benefit should now be reviewed.

A comprehensive housing benefit was recommended by the Commission on Social Welfare (1986). The Commission took the view that this should cover all housing subsidies including the local authority

differential rent scheme. In a number of reports, the National Economic and Social Council (NESC) has argued in favour of a national housing benefit scheme for the private rented sector and owner occupiers.<sup>10</sup> The Expert Working Group on Integrating Tax and Social Welfare (Government of Ireland 1996b) came to the conclusion that there is a case for a more unified housing policy. The Working Group stated that, within that policy, particular attention should be given to ensuring that employment disincentives and poverty traps are avoided but it did not elaborate further on the nature of the unified policy.

Since these reports were compiled, attempts have been made to address the inherent employment and poverty traps by allowing various groups to retain the rent supplement when taking up employment or training. These measures, while welcome, have led to considerable confusion and, more importantly, to further anomalies. Furthermore, these reports were all compiled at times when employment and poverty traps were the major problems in relation to rent supplement. Since then, the labour shortages in essential services and in low paid employment make the question of rent supplementation for employed people even more urgent. The recommended solution – a comprehensive housing benefit – would address the problems of the employment and poverty traps as well as the anomalies which have arisen from the retention of entitlement and the problems faced by lower paid workers.

In the short term a comprehensive scheme of housing benefit catering for all people in the private rented sector should be introduced. The more comprehensive proposal of the Commission on Social Welfare, while desirable, would take much longer to implement and could be addressed at a later stage. In the interim, as local authorities would be administering both the differential rent scheme and the housing benefit, it should be possible to monitor any difficulties which arise from the existence of the two subsidy schemes.

The housing benefit would be based on an assessment of housing needs, income and means. It would have the added advantage that it could be structured in such a way as to obviate the need for retention of rent assistance as a secondary benefit. Indeed, a properly structured housing benefit would not have the claw-back problems, which exist under the current system. The level of benefit would be tapered in accordance with people's income. The system of rent tax relief could also be integrated into a comprehensive housing benefit scheme. This

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<sup>10</sup> See, for example NESC reports: 'A Review of Housing Policy', Report No 87, 1988 'A Strategy for the Nineties' 1990.

might also serve to lessen the apparent discrimination by some landlords against rent supplement recipients.

### Work Disincentives

The current system for the retention of rent supplement is complex for both claimants and CWOs. The employment disincentive caused by the loss of the housing supports has been addressed to some extent in recent budgets. However, inherent difficulties remain in the system, particularly as the current tapering systems do not take into account rising rent levels.

The €317.43 cap on weekly earnings for retention of the rent should be reviewed to take into account the changing environment in terms of higher rents, the minimum wage and current inflation levels. The reality is that people breach the €317.43 per week limit without necessarily being highly paid.

The tapering of the rent supplement for Community Employment participants may act as a disincentive to take up the scheme. (There are currently 4,700 people in employment support services in receipt of rent supplement, 10 per cent of all recipients).

The introduction of a broadly based employment neutral housing benefit scheme, as discussed above, and/or the introduction of refundable housing tax credits to assist those on low incomes to pay for their housing in the private rented sector would create a more equitable context for dealing with the work disincentive issue. The focus for the individuals involved would then turn to work and income earned rather than to the social welfare system. In addition, as already stated, it may assist in removing the stigma that some landlords appear to hold against social welfare recipients.

### Operation of the SWA Supplement

A number of problems have been identified in respect of the present system which need to be addressed, particularly in the context of the pending transfer of responsibility for rent assistance from Health Boards to local authorities.

- There is a gap between reasonable rent levels and the reality of rent hikes in the current market;

- Some people experience difficulty accessing deposits (particularly second and subsequent deposits) – this in effect acts as a blockage to people’s ability to access housing;
- There are difficulties with the type of forms/documentation required (e.g. landlords refusing to sign forms);
- There are ongoing problems in respect of the claiming process (e.g. difficulties in accessing CWOs, long queues, the possibility that, from the perspective of some tenants, the whole process is demeaning).
- Resources made available for the administration and operation of the schemes do not appear to be commensurate with requirements.
- There are significant information gaps in respect of the rent supplement scheme, particularly in relation to retention of the supplement in the context of back to work, training and education programmes;

To date, rent supplements in the private rented sector operate separately from other forms of social housing support – the local authority differential rents system, the rental subsidy to voluntary housing and the DSFA rent subsidy in respect of ‘de-controlled’ dwellings. The transfer of responsibility for administering rent assistance from Health Boards to local authorities should result in its integration with overall local authority activity on social housing, planning and development. However, there are a number of specific problems with the administration of the scheme which need to be resolved.

- (i) The current Health Board system of paying rent supplement cheques in arrears is unsatisfactory because landlords for the most part require rent to be paid in advance.
- (ii) The current appeals procedures are not entirely satisfactory because (a) people are sometimes not aware of them and/or (b) they may not be sufficiently independent of the system and (c) people are not always provided with reasons for refusal in writing, as required by regulations.
- (iii) Variations in practice and inconsistencies occur across Health Board areas in respect of payment of deposits should, in so far as possible, be eliminated.
- (iv) There appears to be no mechanism for tenants (or Health Boards) to secure the return of a deposit in instances where the landlord refuses to do so. This can be to the detriment of the tenant as the Health Board may refuse to pay a deposit a second time.

While guidelines are available for determining what constitutes ‘reasonable need’ for financial support for housing costs, ‘reasonable rent’ and ‘reasonable accommodation’, it would appear that there are different interpretations of these criteria in different Health Board areas and by different Community Welfare Officers.

Difficulties arise because each application must be assessed on its own merits in accordance with the above criteria which inevitably results in different interpretations of broadly similar situations by different Community Welfare Officers. There may also be a negative perception of the SWA system as a whole by rent supplement applicants, resulting in a negative attitude towards having to use this mechanism to apply for rent supplement. There is clear evidence to indicate that some citizens experience the assessment process as unnecessarily invasive.

There is also the issue of citizens’ access to CWOs which arises from the workload of CWOs, the dispersed nature of their role and, in some instances, from the conditions and environment in which the CWO service is delivered.

#### *Problem of ‘Reasonable Rent’*

The payment of rent supplement on the basis of ‘reasonable rent’ presents difficulties on two fronts. Firstly, it implies that there is adequate availability of accommodation at that rent. Secondly, there can be wide variations in the going rate in a particular area. Great care must be taken to ensure that criteria of ‘reasonable need for accommodation’, ‘reasonable rent’ and ‘reasonable accommodation’ do not result in people being constrained to live in overcrowded or unfit conditions or in difficult family situations.

Rent supplements are subject to ‘reasonable rents’ which are set by the individual Health Boards. A crucial question arises as to the extent to which the maximum amount of rent in respect of which rent supplement is payable has kept pace with the spiralling cost of rented accommodation in all parts of the country in recent years. In some instances there is a significant gap between the level of rent supplement payable and the rents set by the market. This makes it very difficult for some people in particular locations to get affordable accommodation. There is an inherent danger in such situations that landlords and tenants may collude to declare rents lower than they actually are in order to get rent supplement, thereby incurring expenditure which the tenant may not be able to afford and which may result in long-term indebtedness.

The recent capping by the Minister for Social and Family Affairs of the amount of supplements payable and the provision that no supplement be paid in cases where the rent exceeds this amount are measures that are intended to restrain landlords from raising rents: The impact of these measure requires monitoring<sup>11</sup>. The legalisation does provide that exceptions to these maximum amounts may be made in exceptional circumstances.

The basic SWA income on which recipients of rent supplement are expected to live (€118.80 per week for a single person in 2002, €124.80 in 2003) is low both in absolute and relative terms. This rate of household income is inadequate for determining the amount of rent supplement.

### Legislation for the Private Rented Sector

While the legislation governing the private rented sector has improved in recent years, there are still significant gaps in relation to security of tenure, minimum standards, rent levels and dispute resolution mechanisms. Many of these issues have been identified in the Report of the Commission on the Private Rented Residential Sector (Department of the Environment and Local Government 2000).

Under existing legislation tenants have in theory a number of rights in relation to security of tenure, payment of rent and standards of accommodation. However, a number of problems are reported by tenants on an ongoing basis. There is evidence of non-compliance by landlords with regulations in respect of minimum standards, rent and registration. Notice to quit is often not given in writing and does not comply with criteria set out in legislation. It is frequently the case that short verbal notice is given following a dispute between landlord and tenant. In some cases tenants have difficulty getting landlords to return deposits. There are major issues about increases in rent by landlords and in what circumstances landlords are entitled to raise rents. There is evidence of tenants having to purchase rent books themselves and give them to landlords as distinct from landlords providing the rent book in accordance with the legislation. There are situations where a tenant cannot claim a rent supplement because s/he cannot get the landlord to sign the relevant form. There is a reluctance on the part of some landlords to participate at all in the rent supplement scheme.

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<sup>11</sup> Statutory Instrument 527 of 2002.

This study suggests that shortcomings of present legislation, non-compliance and the scarcity of private rented accommodation together combine to create a situation where tenants have in practice little control over their housing situation and little power to challenge unsatisfactory conditions. In this context the findings of a Society of St. Vincent de Paul Report<sup>12</sup>, which refers to the ‘appalling conditions that some private tenants live in’ (1999:12), should be noted.

As a matter of urgency legislation should be strengthened, updated and consolidated. The implementation of ‘a full package of reforms’ arising from the Report of the Commission on the Private Rented Sector, promised in the current Programme for Government, offers this opportunity. However, reform must take place in the context of adequate enforcement mechanisms for both tenants and landlords with an appropriate allocation of resources for this purpose.

Greater security for tenants in the private rented sector could be achieved through a combination of lengthening the notice-to-quit periods (in line with the length of time the tenant has been renting the accommodation) and the introduction of a legal mechanism whereby landlords would have to give ‘due reason’ based on fair grounds as to why tenants were being asked to leave. There is also a need for provision in legislation for more specific contracts, particularly for periodic tenancies, which would offer a minimum period of fixed tenancy and clear termination conditions for both landlords and tenants.

#### *Rent Certainty*

Another key issue in respect of security of tenure is the frequent and substantial increases in rent. There should be a system which ensures that general rent increases are linked to inflation and that guidelines are established for other increases arising from upgrading of accommodation. Security of tenure for tenants would be enhanced by some provision for rent certainty. This would mean that rents could not be increased arbitrarily by landlords but would be tied into some system of index-linking of rent levels.

#### *Resolution of Disputes*

Disputes can arise between tenants and landlords over conditions, deposits, rent levels, rent arrears, evictions and notice to quit. Until recently there were no rapid dispute resolutions mechanisms to deal with such disputes. The establishment in November 2002 of a new

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<sup>12</sup> Society of St. Vincent de Paul (1999), *Mixed Housing and Mixed Communities*

mediation service under the Private Residential Tenancies Board is a significant and welcome development and the legislation promised in respect of giving the Board statutory status should be introduced without delay. The dispute resolution service should include provision for assistance for vulnerable households in the form of information about rights and responsibilities, help in gathering evidence and, where necessary, representation at hearings. An integral element of the mediation service should be a short time-scale for responses. It is also important that the mediation service operates on the basis that minimum accommodation standards are enforced.

#### *Monitoring and Enforcement of Legislation*

There would appear to be frequent breaches of legislation pertaining to the private rented residential sector. It appears that in practice there is very little policing of the private rented sector by local authorities which have the responsibility to enforce the legislation. The current system for enforcement and monitoring is inadequate. It is frequently left to individual tenants or to voluntary/community organisations acting on their behalf to seek redress. Additional resources should be made available for monitoring the implementation of regulations governing the private rented sector.

While there is a need for stronger enforcement of legislation in respect of registration, standards, rent books and tax compliance, enforcement must be done in a manner which ensures that the situation of people reliant on the private rented housing sector is not actually worsened. A common theme running through the present study is that even when people are informed about their legal rights in relation to conditions and security of tenure, they are often afraid to challenge the landlord in this regard because of fear of retaliatory notice to quit. While in theory tenants have some legal protection, in practice the scarcity and lack of choice of suitable and affordable accommodation, especially in recent years, makes people wary about enforcing their rights.

#### **Private Sector Tenants and Housing Policy**

Housing policy needs to address the long-term housing needs of people in the private rented sector in general and, in particular, rent supplement recipients. Specifically, the lack of security of tenure in the private rented sector should be a determinant of housing need. The transfer of the administration of rent supplement to local authorities should be used as an opportunity to incorporate the particular needs of rent supplement

recipients into a comprehensive assessment of housing need and thereby provide a more integrated response to their housing needs.

In the longer term there is a clear need for a more comprehensive social housing programme involving a mix of local authority, voluntary housing and rent supplementation to the private sector. However, this will take time to implement. There is also the need to maintain the principle of choice and to operate on the basis that all households on rent supplement may not want to become local authority or voluntary housing tenants.

In the short to medium-term it is crucial to maintain a vibrant private rented sector providing secure, safe, quality and affordable housing for both existing and future tenants. This will require considerable improvement in regulation and quality control, particularly at the lower end of the market. Current economic and housing realities result in a situation where the private rented sector cannot be regarded as a short-term, transient tenure while people are waiting to get permanent accommodation. While some people may wish to stay long term in the private sector, the reality is that increasing numbers of people who wish to purchase their own home are no longer able to do so because of spiralling prices and, also, waiting lists for local authority houses continue to increase.

The possibility of introducing an incentive to encourage landlords to rent a proportion of units to rent supplement tenants within Health Board reasonable rent levels should be explored. Access to the private rented sector for rent supplement tenants could be further facilitated if local authorities and Health Boards maintained a joint database of landlords willing to rent to this tenant type. The matching of these landlords and tenants could be contracted out to another agency, if the local authority did not have the capacity to administer the service.

### **Role of Local Authorities**

Local authorities have a crucial role in enforcing standards and regulations in the private rented sector and, also, in providing for the housing needs of private sector tenants. Additional mechanisms for partnership between local authorities and the private sector in Ireland with a view to providing affordable rented accommodation are desirable. This would also allow provision for such people to be tied into long term arrangements and ensure compliance with standards.

The Government indicated in its *Action on Housing Report*<sup>13</sup> that a more supply-focused approach to rent assistance would be explored, including possible arrangements and measures to improve the standards and supply of rent assisted accommodation. Specific reference was made in that report to partnership arrangements between local authorities and the private rented sector under which rental accommodation would be made available on a long-term basis for households dependent on rental assistance.

On the overall supply side there is potential to apply the public/private partnership concept to the provision of rental accommodation. As already stated, there would appear to be scope for some joint financing of housing in the private rented sector. The current pilot programme of public/private rented accommodation under the Public Private Partnership (PPF) initiative is a welcome development in this regard.

As a general principle, responsibility for the administration of rent assistance should be integrated with overall local authority activity on social housing, planning and development. There should be an inter-weaving of arrangements for the private rented sector with those for allocating local authority housing and funding voluntary housing in the overall context of development planning to ensure an adequate supply of housing. The needs of private sector tenants should be taken into account in all assessments of housing needs. The enforcement of regulations and more favourable arrangements for rent supplement tenants are important factors in this regard.

### Information, Advice and Advocacy

While access to relevant information is now regarded as an integral part of service delivery, this is not always the case in respect of the rent supplement scheme. There is evidence of difficulties in respect of access to information about the scheme and the criteria for eligibility and, in particular, about local interpretations of the general guidelines. This is a significant issue.

There is a need for regular sustained public information campaigns to publicise entitlements under the rent supplement system using national and local media. Such campaigns are particularly necessary in relation to the retention of secondary benefits upon taking up an employment

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<sup>13</sup> Department of the Environment and Local Government (2000b), *Action on Housing*, p.12.

or training programme, and could positively affect the success of such schemes. This is particularly relevant where substantial changes are made to the system. There is also a need for continuous training on the operation of the rent supplement scheme for both statutory agency personnel and for independent advice and information workers so that correct and up to date information is always provided to clients.

In the first instance it is the responsibility of the statutory bodies concerned with delivery of schemes and services to provide comprehensive and integrated information to both landlords and tenants about rights, responsibilities and entitlements. It is also necessary that tenants have easy access to independent information, advice and advocacy services. There is a need to ensure that there is access to such services in all parts of the country. Voluntary and community organisations have a crucial role in this regard and should be supported accordingly.

### The Rent Supplement Scheme and Housing Rights

The SWA Rent Supplement Scheme is essentially a social housing mechanism, operating as a means through which low-income households can meet their accommodation needs within the private rented sector. An effective and well-functioning rent supplement scheme has the potential to promote and safeguard the right of all households to access a home, particularly those most disadvantaged within the current housing system. Thus, in turn the scheme could make a positive contribution to the development of sustainable communities and the promotion of a fairer and more participative society generally.

The study, however, suggests that there may be limits and inequalities inherent in the current approach. One immediate concern is that the ability of some social groups to access secure, affordable accommodation may be compromised to various extents if they are forced to depend on this housing option in the long term. In a broader sense, this raises questions regarding the effectiveness of the private rented market in meeting a diverse range of social needs, even with the provision of supplements to those on low incomes.

In this light, there is a real need to continue to explore critically the issues arising from the study through further debate, policy analysis and research. There is a related need to focus on possible alternatives and solutions. In what way might the private rented sector itself and the system of rent supplements be realigned to more effectively meet the housing needs of all social groups? What is the potential for developing

a more effective and diverse range of non-market rental options, including traditional local authority housing and innovative solutions, such as voluntary, co-operative, community, self-build and other options?

These and other questions and issues deserve careful attention, not just for their empirical relevance to housing research and policy analysis but also because of their practical human implications in terms of the quality of people's everyday lives, their ability to access a home and housing rights in general.





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# Appendix A

## RESEARCH APPROACH USED IN STUDY

The research approach used had four main elements.

### *(i) Review of policy developments to date*

The starting point for the study is a review of the development of the rent and mortgage interest supplement system and its current role in the provision of housing, taking into account the substantial change which is likely to occur when a new rent assistance scheme is introduced. The detail of the operational policy of this system is clearly set out in each chapter focusing on the topic under discussion.

### *(ii) Focus groups*

Focus groups were organised in four regions – Dublin, Galway, Waterford and Limerick. The participants were drawn largely from independent information and advice services that are in regular contact with people who are interfacing with the rent and mortgage interest supplement system. Organisations represented included Threshold, Citizens Information Centres (CICs), MABS, locally based agencies providing housing advice and information, ICTU Centres for the Unemployed, Irish National Organisation of the Unemployed (INOUE) and, in two instances, the Health Board CWO service.

The purpose of the focus groups was to get a clear picture of the activities on the ground in relation to the operation of the rent and mortgage interest supplement schemes. As a group the participants were also asked to give their views on policy issues surrounding the schemes, on their perception of discretionary practices within the system and how this impacted on their client groups. In addition, participants were asked their views on how the operation and administration of the rent and mortgage interest supplement schemes might be improved. The discussions in the focus groups were tape recorded.

### *(iii) Monitoring of queries to selected information and advice services*

A monitoring of queries on rent and mortgage interest supplements to selected information/advice centres took place from 10 April to 19 May 2000. This monitoring consisted of a short series of questions completed by the information/advice worker in respect of relevant queries. These related to the particular circumstances of the client, the problem being presented, advice and or action taken by the information/advice centre and, where possible, the outcome of the intervention. The three Threshold offices (Dublin, Cork and Galway)

were invited to participate in this monitoring as were selected CICs – Tallaght, Limerick, Waterford, Athlone and City Centre, Dublin.

In total, 74 completed questionnaires were returned from these centres, the majority coming from the Threshold offices.

The information gathered from the monitoring study was analysed in a qualitative manner and is presented throughout the report primarily through case examples to illustrate particular points.

#### *(iv) Social Policy Alert*

A Social Policy Alert (a mechanism whereby attention is drawn to and feedback sought on a particular topic/issue) was sent by Comhairle to Citizens Information Centres (CICs) and Money Advice and Budgeting Services throughout the country, requesting information and advice workers to inform Comhairle of any issues relating to rent and mortgage interest supplement schemes. Eleven services replied to the alert. The nature of the returns varied, with some of the organisations presenting quite detailed views on difficulties encountered on the ground. Other responses consisted of case examples and were thus similar in structure to the monitoring study.

#### *Social Policy Alert Submissions were received from:*

- Portlaoise CIC
- Finglas CIC
- Sligo CIC
- Sligo Money Advice and Budgeting Service
- Dundalk CIC
- Kerry Money Advice and Budgeting Service
- Longford Money Advice and Budgeting Service
- Carlow CIC
- Kilkenny CIC
- Newbridge CIC
- Cork CIC.

#### *Focus Group Participants*

- Limerick Centre for the Unemployed
- Ennis CIC
- Threshold, Galway
- Galway Centre for the Unemployed
- Galway Partnership (LES)
- Western Health Board
- Athlone CIC
- Westside House Womens' Refuge, Galway

- Focus Ireland, Dublin
- Threshold, Dublin
- Vincentian Partnership for Justice
- Tallaght Homeless Advice Unit
- Eastern Regional Health Authority
- Irish National Organisation of the Unemployed
- City Centre CIC, Dublin
- Tallaght CIC
- Threshold, Cork
- Clonmel CIC
- Kilkenny CIC
- Waterford MABS
- Waterford Centre for the Unemployed
- Waterford CIC.

*Monitoring Study Participating Centres*

- City Centre CIC, Dublin
- Athlone CIC
- Waterford CIC
- Tallaght CIC
- Limerick CIC
- Threshold, Cork
- Threshold, Galway
- Threshold, Dublin



## Appendix B

### RENT AND MORTGAGE INTEREST SUPPLEMENTS: QUALIFYING CRITERIA<sup>14</sup>

#### Rent Supplement – Qualification

In order to qualify for a rent supplement a person must:

- normally be in receipt of a social welfare or Health Board payment and satisfy the general conditions of the Supplementary Welfare Allowance (SWA) scheme, with some exceptions;
- not be in full time employment (employment for 30 hours a week or more) but entitlement may be retained in certain cases;
- satisfy the Health Board s/he has a housing need that cannot be met from his/her own resources;
- satisfy the Health Board that a *bona fide* tenancy exists; and
- apply for local authority housing, if requested to do so by the Health Board.

The Health Board must be satisfied that the rented accommodation meets the needs of the applicant and that the rent is reasonable. In addition, anyone who has been excluded from the local authority housing list as a result of refusing an offer of accommodation or has left local authority accommodation is not eligible for a rent supplement unless he or she satisfies the Health Board that there was good reason for refusing the accommodation.

Those not eligible for rent supplement include:

- a person living in accommodation provided by a local authority;
- a person living in accommodation provided by a Health Board;
- a person living in accommodation provided by a body or organisation which provides services on behalf of, or similar to, or ancillary to a Health Board, where that body uses residential care staff in providing such services and also receives a subvention payment from the Minister for Health in respect of that person;
- a person living in accommodation provided by a voluntary body receiving a subsidy under the Subsidy scheme;
- a tenant in de-controlled rented accommodation receiving rent allowance from the DSFA; and
- a person admitted to an institution for any period in excess of 13 weeks.

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<sup>14</sup> Information on qualifying criteria sourced from DSFA website.

### Mortgage Interest Supplement – Qualification

A person may be entitled to a supplement towards the amount of mortgage interest payable by him or her in respect of their residence provided that:

- the person is in receipt of a social welfare or Health Board payment and satisfies the general criteria of the SWA scheme;
- the loan agreement was entered into when, in the opinion of the Health Board, the person was in a position to meet the repayments;
- the residence is not offered for sale.

The Health Board must be satisfied in all cases that:

- the amount of mortgage interest payable by the claimant does not exceed such amount as the Health Board considers reasonable to meet his/her residential and other needs; and
- it is reasonable to award a supplement having regard to the amount of any arrears outstanding on the loan.

When allowable interest on the loan is calculated, the CWOs must determine whether it is reasonable, taking into account the accommodation needs of the claimant, and whether or not the claimant is over accommodated. The amount of interest reckonable for mortgage interest supplement should generally relate to the reasonable rent limits set for the Health Board area. The mortgage interest payable should be reviewed at least yearly to ensure that entitlement is correctly calculated. However, Health Boards may award, in certain circumstances, a supplement in excess of reasonable rates as a short-term option, for a maximum of 12 months from the date of the claim.

### Excluded groups

Certain groups cannot access the rent and mortgage interest supplements as they are normally excluded from SWA. These are:

- people in full-time employment (i.e. over 30 hours per week) ;
- people in full-time education;
- people involved in trade disputes are generally excluded, however SWA may be paid in respect of their adult and child dependants for the duration of the trade dispute.

There are exemptions to these exclusions which are outlined below.

## Rentention of Supplements

While full-time workers are generally not allowed to retain supplements, there is a range of criteria and conditions which apply to people participating in back to work, training/education programmes.

People participating in the following programmes are allowed a tapered retention of rent and mortgage interest supplement, provided that certain criteria are met:

- Back to Work Allowance (BTWA)
- Back to Work Enterprise Allowance (BTWE)
- Very Long Term Unemployed – Back to Work Scheme
- Social Economy Programme
- Revenue Job Assist
- Community Employment
- Jobs Initiative
- Job Start
- Workplace
- Back to Education Allowance<sup>15</sup>
- Vocational Training Opportunities Scheme (VTOS)
- Full-time employment after having being unemployed for 12 months or more<sup>16</sup>.

The following conditions apply to retention of supplements (*Workplace is exempt*):

- Gross household income must not be more than €317.43 a week;
- The Back to Work Allowance and Family Income Support payments, where applicable, are disregarded in calculating the weekly income;
- The rent supplement paid to those listed above and participants entering CE schemes, is tapered over four years:
  - year 1 = 75% of supplement
  - year 2 = 50% of supplement
  - year 3 and 4 = 25% of supplement.

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<sup>15</sup> Back to Education Allowance – Earnings from part time employment or holiday work are accessible for rent supplement purposes in the normal way.

<sup>16</sup> Anyone who has been unemployed for 12 months or more and who moves from a welfare payment into a full-time job will be allowed to retain their rent or mortgage interest supplement on a tapered basis over four years if they satisfy the other criteria.

The tapering of the retention of rent and mortgage interest supplement payments operates over a four-year cycle. Therefore, a person on a CE scheme for one year, who then enters employment under the BTWA, will be on the second year of the taper system, i.e. in receipt of rent supplement at the level of 50%. In the case where 12 months has elapsed between participation on any of the programmes that allow for the retention of rent and mortgage interest supplement, claimants are regarded as starting a new cycle.

### Calculation of Basic Rent Supplement

The starting point is the rate of Supplementary Welfare Allowance (SWA) payable in the claimant's situation, e.g. for a single person it is €124.80 per week (from January 2003). This rate is considered to include a 'housing element' of €12 from January 2003 per individual or family unit. Deduct this from the appropriate rate of SWA to find the amount of income which the claimant must be left with to provide for basic needs. Any income above this baseline is counted as means available to pay rent. However, there are certain exceptions – see Disregards below.

To find the amount of rent supplement payable, the amount of the claimant's contribution should be deducted from the weekly rent or the maximum level of rent considered reasonable by the Health Boards.

### Disregards

There are some payments and situations where a certain amount of income is disregarded for this means test:

#### *Pensioners*

There is a disregard of household income of €23 from January 2003 for people aged over 65 who are receiving a social welfare pension. If income is less than €23 above the SWA rate, then the actual amount will be disregarded.

#### *Part-time employment*

The disregard of income for someone in part-time employment is €50 per week. Community Employment is regarded as part-time employment in this context.

### *Rehabilitative earnings*

People who are on Disability Allowance can earn up to €120 per week without it affecting their payment, as long as it is approved by the DSFA. The same amount is disregarded for the means test for rent and mortgage interest supplement.

### *Training Schemes*

The first €50 of additional income arising from participation in approved training courses, e.g. FÁS skills training courses, will be disregarded in the assessment of means for rent or mortgage interest supplement.

### *One-Parent Family Payment*

People receiving One-Parent Family Payment (OFP) can retain a certain amount of maintenance payments without affecting their OFP. Firstly, they can receive up to €95.23, deemed to be in respect of mortgage/rental costs without any reduction in their OFP. Secondly, only half of the amount above €95.23 is assessed as means for OFP purposes. For example, if the maintenance paid was €125.23, their OFP would only be reduced by €15.

In order that this is not clawed back by a reduction in rent and mortgage interest supplement there is a disregard of up to €50. The €95.23 will be taken into account in calculating the amount of supplement payable.

### *Carer's Allowance*

For those in receipt of a Carer's Allowance, in the case of a single person, the amount disregarded is the rate of Carer's Allowance in payment less the personal rate of SWA. In the case of a couple where either spouse is getting the allowance, the amount disregarded is the rate of the Carer's Allowance in payment less the SWA rate for a qualified adult.

## **Community Employment**

Community Welfare Officers will assess individuals on CE schemes with regards to rent supplement, either by means of the €50 disregard or by tapering the supplement (75% in Year 1, 50% in Year 2, 25% in Year 3 and 25% in Year 4), to establish which is the more favourable to the individual.

### Ceiling on payment

There is a maximum level of rent considered by Health Boards as being reasonable, depending on household size and on the ‘going rate’ for rents in the local area. A rent supplement will not normally be paid where the amount of rent exceeds the appropriate maximum level. See Appendix C for appropriate maximum rent levels.

## Appendix C

### MAXIMUM WEEKLY RENT LEVELS IN EACH HEALTH BOARD AREA, 2002/2003

	ERHA	MHB	MWHB	NEHB	NWHB	SEHB	WHB	SHB
Single persons	107.00	85.00	85.00	76.20	77.00	115.00	115.00	83.00
Couples	178.00	115.00	130.00	120.70	115.00	130.00	115.00	153.00
Couples and lone parents with 1 child	953.00 monthly	140.00	150.00	133.40	115.00	130.00	175.00	153.00
Couples and lone parents with two or more children	1,200.00 monthly <sup>1</sup>	160.00	170.00 <sup>2</sup>	152.40 <sup>3</sup> 190.50 <sup>4</sup>	153.00	170.00	200.00	190.00 <sup>3</sup> 203.00 <sup>4</sup>
Single persons and couples in shared accommodation	93.00	63.00 190.00 <sup>5</sup>	60.00 <sup>6</sup> 120.00 <sup>7</sup>	69.90	51.00 <sup>6</sup> 77.00 <sup>7</sup>	80.00	65.00	70.00
Families in shared accommodation	1,200.00 monthly <sup>1</sup>	95.00 190.00 <sup>5</sup>	††	88.90 <sup>6</sup>	153.00	100.00	100.00	††

- 1 The €1,200 limit applies to 3-bedroomed houses. Limits for families requiring four or more bedrooms set on a case by case basis.
  - 2 €185.00 p.w. for couples with more than 2 children.
  - 3 3 Bedrooms
  - 4 4 Bedrooms.
  - 5 max per house.
  - 6 Single.
  - 7 Couple.
- †† Assessed on individual basis.





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