



# **Pre-Budget Advisory on Rent Supplement**

**October 2014**

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# 1. Executive Summary

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This advisory report highlights critical problems with the operation of Rent Supplement and makes a number of key recommendations to Government for consideration in Budget 2015 and for future policy consideration.

Threshold is a national housing charity established in 1978 that provides frontline housing advice, advocacy and support services for over 20,000 people with housing problems annually. With one in five families in Ireland now living in the private rented sector, the support provided by Threshold's regional advice centres in Dublin, Cork and Galway is in strong demand. Over 40% of Threshold's clients are dependent on Rent Supplement to cover their rental costs. The proportion of Threshold's clients at risk of homelessness has more than doubled in the past year and the organisation is devoting its service response to the prevention of homelessness.

Rent Supplement is a housing support payment made to people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. Rent Supplement tenants encounter housing disadvantage in terms of access, affordability, quality, administrative practices, discrimination, and increased vulnerability to homelessness. The precarious position of Rent Supplement tenants is compounded by recent increases in open-market rents. Across the country, the shrinking number of properties available to rent has contributed to increased rental costs, particularly in urban centres such as Dublin, where demand is high.

Since the economic downturn, Government spending on Rent Supplement has fallen and landlords have taken successive cuts in the amount of rent they are paid by tenants. Rent payment levels for the scheme are reviewed every 18 months, while rents change much faster than that. There are long delays in processing applications for Rent Supplement, and rents are paid in arrears, not in advance like the market norm. The system is therefore not fit for purpose. Reform is on the way in the form of the new Housing Assistance Payment, but rollout to date has been slow.

## 1.1 Rent Supplement Advisory Report – Main Findings

- **Shortage of affordable rented accommodation**

A shortage of affordable rented accommodation is having a disproportionate effect on Rent Supplement recipients. For example, recent data<sup>1</sup> collected to June 2014 show that rents in Dublin are 26% higher now than they were in mid-2011 and are now just 9% below peak 2007 values. There were only 2,000 properties available to rent in Dublin city in mid-2014. Rent Supplement tenants are being displaced by tenants who can afford to pay more.

Many Rent Supplement tenants are further disadvantaged because of the difficulties they encounter in finding landlords who are willing to accept Rent Supplement. Some landlords discriminate against Rent Supplement tenants because of their welfare status. As far back as 2002, a joint report by Threshold / Comhairle (now the Citizens Information Board) highlighted this practice, and the situation has considerably worsened in the intervening period.<sup>2</sup> The bias against Rent Supplement tenants in favour of working tenants is compounded by landlords' uncertainty with regard to Rent Supplement tenants' ability to meet housing costs.

- **Rent Supplement limits are out of line with market rents**

Rent Supplement limits are out of kilter with market rents, especially in urban centres. This makes it extremely difficult for Rent Supplement claimants to secure adequate accommodation and to

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<sup>1</sup> Daft.ie Rental Report Quarter 2 2014: <http://c0.dmstatic.com/596/report/Daft-Rental-Report-Q2-2014.pdf>

<sup>2</sup> Rent Supplement: A social policy report, Comhairle / Threshold, 2002)

remain in the area in which they have settled. It has also put Rent Supplement tenants at risk of homelessness and it has become a cause of homelessness.

A homelessness prevention protocol for families in Dublin was introduced by the Department of Social Protection in mid-June 2014. Under the protocol, maximum Rent Supplement limits may be exceeded for a period of 13 weeks (and extended for a further 13 weeks). A Tenancy Protection Service operated by Threshold, on behalf of the four Dublin local authorities, has assisted 788 families at risk of homelessness since June 2014, and 162 families have been recommended for this protocol with 121 approved to date. Results from the protocol show that additional rental payments of €100 to €200 euro per month can prevent homelessness.

- **Struggling to pay housing costs and topping up to avoid homelessness**

Rent Supplement tenants face severe difficulties in meeting housing costs. For some, the initial payment – a month’s rent in advance and a security deposit – is difficult to accumulate, particularly as welfare supports that provide access to deposits are restricted. Most tenants in this position have to borrow money from family and friends.

Surveys conducted by Threshold and included in this advisory report shows that, in order to meet ongoing rental payments, between 44% and 55% of Rent Supplement clients are making top-up payments to landlords. Tenants are required under the Rent Supplement scheme to make a contribution from their welfare payment towards their rent; a top-up is an additional payment demanded by landlords that breaches the rules of the Rent Supplement scheme and is therefore rarely disclosed to the Department of Social Protection. As a result of making top-up payments, Rent Supplement tenants report cutting back on essentials, such as food and heating.

**Example of Top-up Payment**

The maximum Rent Supplement limit for a single person in Dublin is €520 per month, of which the tenant pays a contribution of €138 per month (or €32 a week over 52 weeks) from their welfare payment and the Department of Social Protection pays €382 per month. A typical rent demanded by landlords for accommodation for a single person is €650 per month, meaning that the tenant will be making a top-up payment of €130 per month. This means that a tenant who is normally required to pay €32 out of their €188 weekly welfare payment towards their rent will actually be paying €62 out of €188 a week, leaving them with just €126 to meet all their needs for food, heating and other essentials.

- **Administration of Rent Supplement is not fit for purpose**

The administration of the Rent Supplement scheme is out-dated and does not conform with the modern rental market. Rent Supplement payments are made in arrears, rather than in advance, which is the norm for the private rented sector, and this makes it unattractive to landlords. It is also proving extremely difficult for Rent Supplement tenants to secure rental deposits through the Exceptional Needs Payments and they are being forced to borrow money and begin their tenancies in debt.

The centralisation of the application process in some parts of the country has led to significant delays in the processing of applications. Discretion is a critical aspect of the Rent Supplement scheme. The removal of the one-to-one meeting with Department of Social Protection staff – which was standard practice until 2012 – deprives tenants (and their advocates) of an opportunity to explain their case and to supply information that affects their payment.

## 1.2 Rent Supplement – Key Recommendations

Threshold recommends that the Government must take the following steps as a priority:

- Increase Rent Supplement limits in a targeted way to take account of the difficulties for Rent Supplement recipients in high-demand areas.
- Extend the flexibility available under the current homelessness prevention protocol for families in Dublin to single-person households and to other urban centres, including Cork, Galway and Limerick.
- Restore the “face-to-face” aspect of the Rent Supplement application process and increase flexibility for representatives from the Department of Social Protection to exercise discretion.
- Ring-fence budgetary savings made under the Rent Supplement scheme to provide greater flexibility for households that face difficulties with retaining or securing accommodation.
- Expedite the introduction of the Housing Assistance Payment (HAP) for long-term recipients of Rent Supplement.
- In anticipation of HAP, a pre-approval system for Rent Supplement should be put in place and Rent Supplement payments paid in advance rather than in arrears.
- Rent Supplement limits should not be a barrier to people exiting homelessness and the provision that currently allows for higher payments should be utilised to positively support move-on from homelessness.
- Prioritise social welfare appeals related to Rent Supplement and better utilise the local review process to avoid the necessity for appeals.
- Exceptional Needs Payments for rental deposits should be restored.
- A deposit protection scheme should be put in place as an immediate measure to protect both the tenant and the State from the loss of deposit monies.
- The Government should consider the introduction of legislation outlawing discrimination against Rent Supplement tenants.

## 2. Evolution of the Rent Supplement Scheme

### 2.1 Availability and Affordability of Private Rented Accommodation

Ireland is currently experiencing a crisis in the availability and affordability of private rented accommodation. The demand for rented properties far exceeds supply and rents have inevitably risen, quite dramatically in urban areas and particularly in 2014.<sup>3</sup>

Renters are finding it increasingly difficult to find a home to rent that they can afford. The crisis in affordability is having an impact on all renters, particularly those on lower incomes. The group on which it is having the greatest impact, however, is people in receipt of Rent Supplement. In certain parts of the country, it is proving virtually impossible for a person in receipt of Rent Supplement to find a property to rent that falls under the maximum rent levels for Rent Supplement as laid out by the Department of Social Protection.

This is resulting in people becoming homeless, for example, rising rents have been acknowledged as a cause of homelessness by the Dublin Region Homeless Executive (DRHE). In September 2014, over 140 homeless families were accommodated by the DRHE in Dublin hotels as a result of losing their rented accommodation. The DRHE has funded Threshold to operate a Tenancy Protection Service to prevent families in receipt of Rent Supplement from losing their homes.

The problem of affordability is also an issue in other urban centres. Threshold's Cork Service prevented 125 families from becoming homeless between January and September 2014 and there has been a dramatic increase in the number of tenancy terminations cases presenting at Threshold's Galway Service.

There are a number of underlying reasons for this current crisis, which are examined below.

### 2.2 Increased Reliance on the Private Rented Sector

#### Changes in Housing Tenure

Since the 1990s, Ireland's housing system has undergone a significant transformation. This was characterised by escalating housing prices, stimulated by increased demand; the persistent contraction of the social housing sector; and the consequent expansion of the private rented sector.

There has been a dramatic increase in the numbers of people living in private rented accommodation. Table 2.1 provides a more recent outline of the tenure restructuring that began in the 1990s and demonstrates the expanded role of the private rented sector in this regard. Between 2006 and 2011, the proportion of private rented households increased to 18.5 per cent of all housing supply, or 305,377 households, up from 145,317 households in 2006.

**Table 2.1: Housing Tenure in Ireland, 2006-2011**

Tenure	2006	%	2011	%
Owner-Occupied	1,091,945	74.7	1,149,924	69.7
Social Housing	155,989	10.7	143,975	8.7
Private Rented	145,317	9.9	305,377	18.5
Other	69,045	4.7	50,132	3.1
<b>Total</b>	<b>1,462,296</b>	<b>100</b>	<b>1,649,408</b>	<b>100</b>

Source: Adapted from Central Statistics Office, Census data various years

<sup>3</sup> Daft.ie Rental Report Quarter 2 2014: <http://c0.dmstatic.com/596/report/Daft-Rental-Report-Q2-2014.pdf>

The figures also reflect the underdevelopment of social housing during this period. Despite the increase in the overall number of households in the country between 2006 and 2011 (12.8%), the numbers of households living in social housing fell in both actual and percentage terms (from 10.7% to 8.7%). In 2006, there were approximately the same number of households living in private rented and social housing. By 2011, there were over twice as many households renting as there were in social housing.

The reasons behind the increased reliance on the private rented sector in this period are varied, but include: shortages in new-build private housing, lack of mortgage finance restricting the purchase of houses, and little or no social housing being built, as well as people choosing to rent as a lifestyle choice.

### **Dramatic Fall in Social Housing Provision**

Between 2010 and 2013, the local authority capital budget for housing was reduced by 62%.<sup>4</sup> A consistent reduction in expenditure on social housing has resulted in a significant deficit in social housing provision. Faced with a substantial increase in the numbers of households with a housing need (as demonstrated in Table 2.2 below), the private rented sector has been increasingly turned to as an alternative source of social housing.

## **2.3 Increase in Number of Households in Housing Need**

The first three years of the economic downturn saw a significant increase in the number of households that were assessed as having a housing need. Between 2008 and 2011 (as demonstrated in Table 2.2 below), there was a 74.8% rise in the number of households in need of social housing. By 2011, 67% of people had a housing need for reasons of being unable to meet the cost of their accommodation. The numbers of people sharing involuntarily increased by 72% in this period.

**Table 2.2: Housing Need, 2008-2011**

<b>Category of Need</b>	<b>2008</b>	<b>2011</b>	<b>% Change 2008 to 2011</b>
Homeless	1,394	2,348	68.4%
Travellers	1,317	1,824	38.5%
Unfit accommodation	1,757	1,708	-2.8%
Overcrowded accommodation	4,805	4,594	-4.4%
Involuntary sharing	4,965	8,534	71.9%
Leaving institutional care	715	538	-24.8%
Medical or compassionate reasons	8,059	9,548	18.5%
Older persons	2,499	2,266	-9.3%
Persons with a disability	1,155	1,315	13.9%
Not reasonably able to meet the cost of accommodation	29,583	65,643	121.9%
<b>Total</b>	<b>56,249</b>	<b>98,318</b>	<b>74.8%</b>

Source: Adapted from Housing Agency, Housing Needs Assessment, 2011

More recent figures from the Housing Agency<sup>5</sup> show that, by 2013, the number of households in housing need had dropped by 9.4% to 89,872. Over half (52% or 46,584 households), were dependent on Rent Supplement to meet their current housing costs.

<sup>4</sup> Irish Council for Social Housing 2013: Social Housing: Newsletter of the Irish Council for Social Housing Spring 2013

<sup>5</sup> Summary of Social Housing Assessments 2013 Key Findings, Housing Agency, Dec 2013

## 2.4 Increased Reliance on Rent Supplement

Increased levels of unemployment during the economic downturn have contributed significantly to the increase in the numbers of people with a housing need. In the absence of sufficient quantities of social housing, those with a housing need have been forced to rely on Rent Supplement and the private rented sector.

There were 370,050 people signing on the live register in the third quarter of 2014, which equates to an unemployment rate of 11.1 per cent<sup>6</sup>. The Department of Social Protection estimates that there are currently approximately 78,000 persons on the live register who are claiming Rent Supplement.

When it was first introduced in the 1970s, Rent Supplement was designed to be a short-term support for those in housing need. Now, however, it has become a de facto social housing support payment.

The Rental Accommodation Scheme was introduced in 2005 in an attempt to provide long-term accommodation for Rent Supplement tenants. By 2012, a total of 43,210 households had been transferred to the scheme from Rent Supplement<sup>7</sup>. However, overall, the scheme has not had the success that was hoped for.

The planned Housing Assistance Payment (HAP) may, at some stage in the future, provide a more practical and sustainable solution to meet housing support needs. Under HAP, long-term Rent Supplement recipients will become the responsibility of local authorities in recognition of their housing need, and rent will be paid directly to landlords rather than to tenants. This should make the payment more attractive to landlords. Furthermore, tenants will have the opportunity to work and to continue to receive some help with their housing costs, unlike the current position where Rent Supplement is regarded as a 'poverty trap'.

The HAP is currently limited to pilot schemes in seven local authority areas, so only a small number of former Rent Supplement recipients are currently benefiting from the scheme.

The national rollout has been slow to date. It involves the transfer of responsibility for the administration of housing support payments from the Department of Social Protection to local authorities; harmonisation of local authority rent schemes across the country; and deduction of tenant contribution at source. Until such a time as the HAP is introduced in full – and this may take a number of years – Rent Supplement will remain the primary form of rental support for approximately 75,000 households.

## 2.5 Expenditure on the Rent Supplement Scheme

Table 2.3 provides a breakdown of data regarding the cost of providing the Rent Supplement scheme. It shows that expenditure on the scheme increased significantly from €179 million in 2001 to €373 million in 2013. Focusing on the period of the economic downturn, which began in 2008, the number of Rent Supplement recipients considerably increased by 24% to 25% in both 2008 and in 2009, and peaked at 97,000 at the height of the economic downturn in 2010.

By 2013, expenditure had fallen back to €373 million and the number of recipients had decreased by 17.5% to 80,000. Increased employment opportunities have contributed to the reduction in expenditure, but it is also the case that the lack of available accommodation within Rent Supplement limits and eligibility restrictions are considered to have played a part in reducing the numbers in receipt of Rent Supplement (for example, since May 2009, entitlement is restricted to those who have been living in private rented accommodation for at least six months of the last 12 months, or who are on the local authority housing list following a full assessment).

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<sup>6</sup> Central Statistics Office 2014

<sup>7</sup> Housing Statistic, June 2013, Department of Environment, Community and Local Government



**Table 2.3: Recipients and Expenditure on Rent Supplement, 2001-2013**

Year	Recipients	Annual Change %	Expenditure (€m)	Annual Change %
2001	45,028	-	179.438	-
2002	54,213	20.4	252.203	40.6
2003	59,976	10.6	331.471	31.4
2004	57,874	-3.5	353.762	6.7
2005	60,176	4.0	368.705	4.2
2006	59,861	-0.5	388.339	5.3
2007	59,726	-0.2	391.466	0.8
2008	74,038	24.0	440.548	12.5
2009	93,030	25.7	510.751	15.9
2010	97,260	4.5	516.538	1.1
2011	96,803	-0.5	502.747	-2.7
2012	87,684	-9.4	422.536	-16
2013	79,788	-9.0	372,909	-11.8

## 2.6 Increasing Market Rents and Maximum Rent Limits

Following the economic collapse in 2007, average rents fell quite significantly and bottomed out in 2010. Since then, rents have been increasing steadily and remain on an upward trajectory with no sign of this trend changing any time soon.

There has been a dramatic increase in rent levels in urban areas in the last number of years. Annual rent inflation in Dublin increased to 15% in mid-2014, and rents nationally were 10.8% higher on average in the second quarter of 2014 than in the corresponding period in 2013<sup>8</sup>.

The stock of properties available for rent has also fallen significantly in recent years. Daft.ie reports that just 6,800 rental properties were advertised with the site nationally at the end of quarter two of 2014, a 40% decline in one year<sup>9</sup>.

Shortage of supply – coupled with increased demand for rental properties – has resulted in a significant increase in rent levels, particularly in urban areas. This has put rented properties out of the reach of many tenants at the lower end of the market, particularly those in receipt of Rent Supplement. The maximum rent levels for Rent Supplement – as laid out by the Department of Social Protection – have not kept pace with the increased rent levels being demanded by landlords.

Rising rents are a problem not only for those seeking rented accommodation, but also for those already in rented accommodation. Threshold's advice offices report landlords regularly increasing rents by 15% or even 20%. Given that such increases will invariably push rents over the maximum rent levels for Rent Supplement, when faced with such increases, Rent Supplement tenants are left with no option but to pay an under-the-counter 'top up' (see Section 3.0 of this report) or to leave. Finding an alternative property to rent under the maximum rent limits in urban areas is currently proving virtually impossible and, in an increasing number of cases, is resulting in individuals and families becoming homeless.

In recognition of the increased risk of homelessness amongst families in receipt of Rent Supplement, a homelessness prevention protocol for families in the Dublin region was introduced by the Department of Social Protection (DSP) on 17<sup>th</sup> June 2014. Under the protocol, maximum Rent Supplement limits may be exceeded in exceptional cases for a period of 13 weeks and this may be extended for a further 13 weeks. A Tenancy Protection Service operated by Threshold on behalf of the four Dublin local authorities makes referrals to the DSP for approval under the protocol. A total

<sup>8</sup> Daft.ie Rental Report, Q2 2014: <http://c0.dmstatic.com/596/report/Daft-Rental-Report-Q2-2014.pdf>

<sup>9</sup> *ibid*

of 1,980 calls were received by the Tenancy Protection Service helpline between June and end September 2014, with 788 families deemed at imminent risk of homelessness. A total of 162 families were referred to the DSP to avail of the protocol, with 121 approved at the time of publication.

## 2.7 Revisions to the Rent Supplement Scheme

Since 2009, the Department of Social Protection has undertaken a series of revisions to the operation of the Rent Supplement scheme, which were explicitly intended to encourage landlords to reduce their rental prices to new maximum rent limits and to ensure value for money for the Exchequer.

Under the Rent Supplement scheme, tenants in receipt of the payment are required to make a minimum personal contribution to their rent from their own resources, most often their social welfare payment. However, since 2009, these contributions have increased (further details on these increases are included in the following section) and maximum rent limits have been reduced on a number of occasions. These revisions were intended to manage Rent Supplement costs by aligning maximum limits to reflect the availability of Rent Supplement housing in each county.

Concerns have been expressed, however, that these revisions have caused undue hardship for tenants and led to a rise in the practice of ‘topping up’, (see Section 3.0 of this report). Such is the current rate of increase in rents that no sooner are rents limits revised than they are outstripped by rising rents.

The most recent review of rent limits, which came into effect in June 2013, did increase rent limits in a number of areas but, in the main, there is a significant disparity between actual rents and the maximum rent levels.

## 2.8 Increased Tenant Contribution

In an effort to reduce expenditure on the Rent Supplement scheme, the Department of Social Protection has – since 2009 – also increased the minimum tenant contribution on a number of occasions.

**Table 2.4: Revisions to the Minimum Tenant Contribution (single-person household), 2009-2012**

Minimum tenant contribution (single household) <sup>10</sup>	Increased from €13 to €18 –effective in January 2009
	Increased from €18 to €24 –effective in May 2009
	Increased from €24 to €30 –effective in 2012

Between 2009 and 2012, the three upward revisions of the minimum tenant contribution equated to increased costs of €5-€6 per week for Rent Supplement recipients, or a €17 per week increase in total by 2012. As the majority of Rent Supplement claimants are likely to be meeting living expenses from diminished household incomes, these changes have resulted in claimants encountering difficulties in terms of meeting their living and housing costs.

## 2.9 The Relationship between Maximum Rent Limits and Actual Rents

Under the Rent Supplement Scheme, the rent paid to a landlord (that is, the tenant contribution plus the Rent Supplement) should not be above the maximum rent limit set for each individual county or area. The most recent review of maximum rent limits came into effect in June 2013. The review recognised that rents are rising around the country, particularly in urban areas, and the limits were increased for particular categories of applicants in a number of areas.

<sup>10</sup> In Budget 2014, the minimum contribution for couples increased from €35 to €40

However, the rate of increase in rents is such that, by the time the revised limits were introduced in June 2013, the actual rents had already outstripped the increases.

A cursory comparison of maximum rent limits with actual average rents drawn from the PRTB / ESRI Rental Price Index shows that there is a significant gap between the two across the country.

**Table 2.5: Maximum Rent Levels 2013 v Average Rents 2013, Dublin**

Area: Dublin City (Not Fingal)	Single	Couple with no children	Couple 1 child or one parent family 1 child	Couple 2 children or one parent family 2 children
Maximum Rent Limit	€520	€750	€ 950	€ 975
Average Rent, Quarter 4 2013	One Bed	One Bed	Two Bed	Three Bed
Dublin 1	755	755	1094	1412
Dublin 3	714	714	1040	1226
Dublin 6	704	704	1141	1474
Dublin 7	639	639	971	1143
Dublin 9	649	649	982	1151
Dublin 24	761	761	884	983
Dun Laoghaire	803	803	1167	1418

**Table 2.6: Maximum Rent Levels 2013 v Average Rents 2013, Cork City**

Area: Cork City	Single	Couple with no children	Couple 1 child or one parent family 1 child	Couple 2 children or one parent family 2 children
Maximum Rent Limit	€485	€575	€ 700	€ 725
Average Rent, Quarter 4 2013	One Bed	One Bed	Two Bed	Three Bed
	€592	€592	€782	€849

**Table 2.7: Maximum Rent Levels 2013 v Average Rents, Galway City**

Area: Galway City	Single	Couple with no children	Couple 1 child or one parent family 1 child	Couple 2 children or one parent family 2 children
Maximum Rent Limit	€475	€540	€ 700	€ 725
Average Rent, Quarter 4 2013	One Bed	One Bed	Two Bed	Three Bed
	€593	€593	€755	€849

#### Further Increases in Rents in 2014

Since the revised rent limits were introduced in June 2013, rents have risen dramatically across the country. No detailed data is currently available from the online PRTB / ESRI Index for 2014, but some data from Daft.ie<sup>11</sup> demonstrates the rate of increase. Table 2.8 shows how the gap between current maximum rent levels and actual market rents has widened significantly in this time.

**Table 2.8: Current Maximum Rent Levels 2014 v Average Rents Q2 - 2014 Dublin (www.daft.ie)**

Area: Dublin City (Not Fingal)	Single	Couple with no children	Couple 1 child or one parent family 1 child	Couple 2 children or one parent family 2 children
Maximum Rent Limit	€520	€750	€ 950	€ 975
Average Rent, Quarter 2 2014	One Bed	One Bed	Two Bed	Three Bed

<sup>11</sup> Daft.ie Rental Report, Q2 2014: <http://c0.dmstatic.com/596/report/Daft-Rental-Report-Q2-2014.pdf>

(www.daft.ie)				
Dublin 1	1040	1040	1328	1804
Dublin 3	940	940	1225	1509
Dublin 6	944	944	1349	1945
Dublin 7	875	875	1221	1428
Dublin 9	867	867	1133	1396
Dublin 24	857	857	1064	1206
Dun Laoghaire	1052	1052	1422	1843

A detailed examination of the relationship between actual rents and maximum rent limits can be found in Appendix 2 of this report.

Over the last 15 years, the impetus to ensure adequate housing for Rent Supplement tenants was tempered by a series of budgetary cuts to the Rent Supplement scheme that have incrementally reduced maximum rent thresholds and increased minimum tenants' contributions. Put simply, the amount the Government is willing to pay to supplement a claimant's housing needs, relative to open market rents, has been consistently dropping.

### 3. The Practice of Topping Up

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The severe shortage of properties to rent that fall under the maximum rent limits set by the Department of Social Protection has resulted in the now wide-scale practice of 'topping up', whereby tenants in receipt of Rent Supplement pay an under-the-counter payment to their landlord in addition to the officially declared rent.

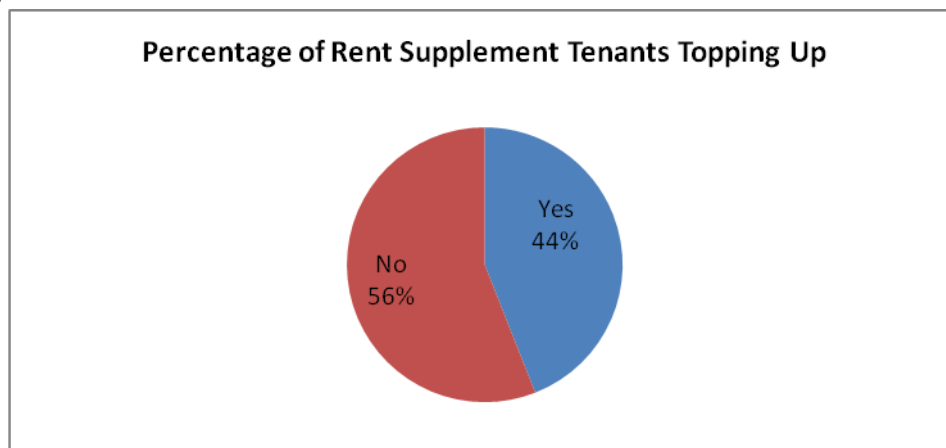
Despite the fact that making such payments can put tenants under significant financial strain, in order to secure a place to live, many Rent Supplement recipients are left with no choice other than to pay a top-up to their landlord.

#### 3.1 Threshold Surveys on 'Topping Up'

For example, a survey of 125 Rent Supplement clients carried out by Threshold in Dublin, Cork and Galway in January 2014 found that 47% were making top-up payments. A similar survey of 100 Rent Supplement clients carried out between April and June 2012 found that 55% were making top-up payments. Two-thirds (67%) of those making extra payments said it affected their spending in other areas.

The most recent Threshold survey of 133 clients in receipt of Rent Supplement, conducted in June 2014, found that 44% (58 people) were making top-up payments to their landlords. All of those paying top-ups said it affected their spending in other areas, including food, heating and clothing. 34% of respondents who were paying a top-up said that it had resulted in them falling into rent arrears.

**Figure 3.1**

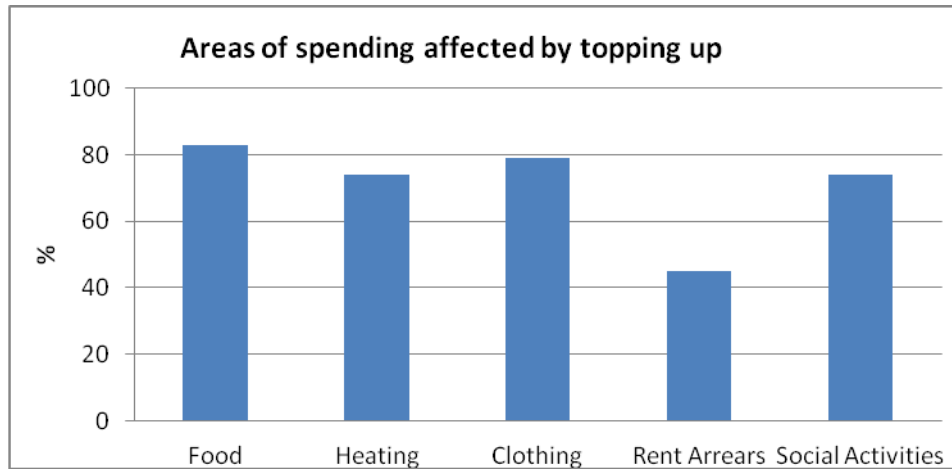


Rent Supplement, which is a means-tested payment, is calculated in such a way as to ensure that the recipient has a minimum amount of money to live on each week. This equates to the basic rate of Supplementary Welfare Allowance less their personal contribution to their rent.

Tenants who top up their Rent Supplement payments, therefore, are using resources intended to meet living costs to pay their rent. In Threshold's survey, 74% of tenants who were topping up were couples or lone parents with children.

This report has already highlighted the steady increase in personal contributions to rent by Rent Supplement recipients since 2012. For those paying a top-up, disposable household income for the bare essentials is diminished even further. The practice of topping up is driving people into poverty.

**Figure 3.2**



Further details of Threshold’s survey on the practice of topping up can found in Appendix 1 of this report.

## **4. Problems in the Administration of Rent Supplement**

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Responsibility for the administration of the Rent Supplement scheme was transferred from the Community Welfare Services Division of the Health Service Executive (HSE) to the Department of Social Protection in October 2011.

Recent reforms in the administration of the Rent Supplement scheme have seen a shift towards centralising the processing of applications. Department of Social Protection officials no longer deal with many Rent Supplement claimants in person and, as a result, they are unable to respond immediately to an individual's circumstances with flexibility.

Many Rent Supplement claimants are frustrated with the administration of the scheme and find the application process humiliating and invasive. The problems encountered by claimants are often exacerbated by a failure to explain decisions. Clients often seek advice from Threshold as they feel the amount of Rent Supplement they are receiving is incorrect.

### **4.1 Payment in Arrears**

At present, Rent Supplement is paid in arrears. This presents a number of difficulties and is acknowledged as a long-standing problem for those in receipt of Rent Supplement<sup>12</sup>. Threshold advocacy staff report that working tenants are more likely to secure private rented dwellings, rather than new tenants on Rent Supplement, for this reason.

In addition, landlords who are unfamiliar with the operation of the Rent Supplement scheme may believe that delays in the payment of rent, while claims are processed, is the fault of tenants. They sometimes issue a notice of termination of tenancy on that basis. In some cases, landlords have retained deposits as compensation for unpaid rents. This is despite the fact that the reason why rents were unpaid was administrative delays within the Department of Social Protection. The loss of a rental deposit in such cases makes finding follow-on accommodation for tenants much more difficult.

Threshold has also come across many new applicants for Rent Supplement who only receive the payment from the date their claim is approved, as opposed to backdating payment to the date of their application. This leaves their landlord at a shortfall for the rent accrued while the claim was being processed, and places the tenant in arrears of rent, leaving them at risk of having their tenancy terminated.

### **4.2 Requirement for Documentation**

The onus placed on tenants to ensure they have all the relevant paperwork required to process a Rent Supplement application also results in difficulties. Tenants are required to complete application forms for local authorities' housing sections, Department representatives and landlords. The process is time-consuming and laborious, and involves the replication of data across multiple forms.

In many cases, requests for paperwork have not been fully explained to claimants, placing those who have already moved into their homes under significant pressure to meet housing costs. In some cases, requests are made for documents that are not in the applicant's power to obtain. However, failure to produce relevant documentation can result in refusal of payment, or suspension of payment in the case of reviews.

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<sup>12</sup> Threshold Pre Budget Submission to Department of Social Community and Family Affairs 2010

### 4.3 Gaps in Coverage - Single People

Threshold has repeatedly raised concerns that a growing number of the organisation's clients are single-person households encountering difficulties accessing housing.

Single people are considered among the most vulnerable to homelessness<sup>13</sup>. It is estimated that between 15% and 20% of the total homeless adult population in Dublin are in the 18-25 age-range.<sup>14</sup>

Single people on Rent Supplement are often priced out of the market for flats and apartments of an appropriate size and standard. For single people in the 18-24 age bracket, this risk is even more pronounced as they are in receipt of reduced jobseeker's allowance.

### 4.4 Gaps in Coverage – Low-Paid Workers and Separating / Separated Families

Two other groups are not covered by Rent Supplement:

1. Low-income workers, often termed 'the working poor', who are not entitled to housing income supports do not benefit from Rent Supplement<sup>15</sup>.
2. The second group not covered by Rent Supplement involves separating / separated families, where there are joint custody arrangements. In these cases, Rent Supplement for the appropriate family size is typically granted to one parent only, with the other receiving payment for a single-person household. The accommodation that can be obtained within the Rent Supplement limit for single people is unsuited to family living and, therefore, likely to undermine access arrangements and family relationships.

### 4.5 Deposits and Deposit Retention

Threshold estimates that the typical start-up costs required to secure a tenancy are approximately €1,000. In general terms, this is a significant initial outlay but, for those living on diminished income and requiring Rent Supplement payments, the financial burden is clearly excessive.

It is possible in theory for Rent Supplement tenants to obtain the money for a deposit under the discretionary Exceptional Needs Payment, administered by the Department of Social Protection, but this is becoming increasingly rare. For those without these monies, the most common means of meeting start-up costs is to borrow money from family / friends, which means commencing a tenancy with a significant debt.

Another key issue in respect of start-up costs is the persistent problem of illegal deposit retention, whereby a landlord fails to return a tenant's deposit at the end of a tenancy, despite not having valid grounds to do so. In fact, the most common problem faced by Threshold clients is the non-return of rental deposits<sup>16</sup>.

The highest proportion (39%) of dispute applications to the Private Residential Tenancies Board (PRTB) also relates to deposit retention<sup>17</sup>. The problem has prompted Government to state that the introduction of a deposit protection scheme would be a priority for 2014<sup>18</sup>.

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<sup>13</sup> Threshold Pre-Budget Submission 2013 to the Department of Social Protection, 28<sup>th</sup> September 2012.

<sup>14</sup> Findings of a longitudinal study on Young People's Housing and Homeless Pathways, 2013

<sup>15</sup> The difficulties encountered by the 'working poor' are generally widely acknowledged and have been recognised in policy terms by the proposed introduction of the Housing Assistance Payment.

<sup>16</sup> Threshold Annual Report 2012, Threshold Annual Report 2011

<sup>17</sup> Private Residential Tenancies Board Annual Report 2012

<sup>18</sup> Press Release: O'Sullivan Secures Cabinet Support for Major Innovation in Landlord Tenant System 21/01/14

<http://www.environ.ie/en/DevelopmentHousing/Housing/PrivateRentedHousing/News/MainBody,34530,en.htm>



Threshold staff report that, while this problem can be encountered in the private rented sector generally, Rent Supplement tenants are the most adversely affected by illegal deposit retention. As all tenants changing address are required to bring their deposit with them as security for their new landlord, unjustified retention of deposits of Rent Supplement claimants can result in increased exposure to exploitation in the private rented market and places them at risk of homelessness.

#### **4.6 Access to Rent Supplement Information**

The advisory role provided by Threshold's staff is often impaired by a lack of clarity and consistency with regard to how the rules and regulations surrounding the Rent Supplement scheme are implemented. For example, the documentation required to validate a claim can vary widely. Decision-making with respect to the Rent Supplement scheme is not always transparent or consistent. This makes it difficult to advise clients on the likely outcome of their application.

#### **4.7 Centralised Application Processing**

A recent key change in the Rent Supplement Scheme has been the centralisation of the processing system, intended to introduce greater efficiency within an environment of rising expenditure.

At present, Central Rent Units (CRUs) cover certain areas of the country, including Dublin 15, Dublin 24, parts of Dublin city, Cavan, Monaghan, Wicklow, Waterford and Kildare, and operate on the basis that Rent Supplement claimants gather together all the required documentation and post it to the relevant CRU. It is acknowledged that the centralisation of Rent Supplement processing is intended to achieve efficiencies, thus cutting costs and providing a more streamlined service. However, a number of concerns have been raised:

1. Threshold staff and clients report difficulties making contact with CRUs, while many clients complain of lengthy delays when waiting for a decision on their application.
2. Clients repeatedly report to Threshold that payments are suspended / terminated without any prior notice. Clients still continue to receive verbal refusals of payment without any formal written decision, making an appeal very difficult.

Overall, many Rent Supplement claimants accessing support from Threshold are dissatisfied with the operation of CRUs, particularly those who require supports to complete their application (for example, those with literacy problems or migrants who do not speak English).

#### **4.8 Appeals**

In cases where an application for Rent Supplement has been denied, claimants are entitled to appeal this decision. Evidence suggests that a high proportion of first-instance decisions are overturned at the appeals stage. In 2012, of 5,323 appeals finalised in relation to the Supplementary Welfare Allowance (under which Rent Supplement falls), some 37.3% were either allowed in full or in part, or resolved by way of a revised decision.<sup>19</sup>

Threshold has assisted many tenants through this process and notes how the operation of the system places this group in a vulnerable housing position. Rent Supplement is not paid while a dispute is under consideration, and many appellants become dependent on charity or family and friends to meet housing costs as a result. For some, their tenancy is put at risk, as some landlords who are uncertain of a positive tenant outcome issue a tenancy termination notice.

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<sup>19</sup> Social Welfare Appeals Office Annual Report 2012

## 5. Conclusions and Recommendations

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The purpose of the Rent Supplement scheme is to ensure that those who cannot provide for their accommodation from their own resources are afforded financial support from the State to secure private rented accommodation. It is a crucial social support that ensures that the vulnerable in society can secure a place to live and avoid falling into homelessness.

Since the economic downturn, a variety of factors – including a significant fall in social housing provision, increased reliance on the private rented sector, increased levels of unemployment and an increase in the number of people in social housing need – have led to an increased reliance on Rent Supplement.

However, as this report has examined in some detail, the Rent Supplement scheme is failing to protect many households who rely on State support for their rental costs:

- There is a growing shortage of affordable rented accommodation in urban areas, and this has reached crisis proportions in Dublin, Cork and Galway.
- Rent supplement limits are completely out of line with market rents in many areas.
- Tenants are struggling to meet rental costs, making top-up payments and being priced out of their accommodation.
- The administration of Rent Supplement fails to respond to pressures on tenants (and landlords) in the modern rented market and is not fit for purpose.

### Key Recommendations

In order to address these problems, Threshold recommends that the Government must take the following steps:

- Increase Rent Supplement limits in a targeted way to take account of the difficulties for Rent Supplement recipients in high-demand areas.
- Extend the flexibility available under the current homelessness prevention protocol for families in Dublin to single-person households and to other urban centres, including Cork, Galway and Limerick.
- Restore the “face-to-face” aspect of the Rent Supplement application process and increase flexibility for representatives from the Department of Social Protection to exercise discretion.
- Ring-fence budgetary savings made under the Rent Supplement scheme to provide greater flexibility for households that face difficulties with retaining or securing accommodation.
- Expedite the introduction of the Housing Assistance Payment (HAP) for long-term recipients of Rent Supplement.
- In anticipation of HAP, a pre-approval system for Rent Supplement should be put in place and Rent Supplement payments paid in advance rather than in arrears.
- Rent Supplement limits should not be a barrier to people exiting homelessness, and the provision that currently allows for higher payments should be utilised to positively support move-on from homelessness.
- Prioritise social welfare appeals related to Rent Supplement and better utilise the local review process to avoid the necessity for appeals.
- Exceptional Needs Payments for rental deposits should be restored.
- A deposit protection scheme should be put in place as an immediate measure to protect both the tenant and the State from the loss of deposit monies.
- Consider the introduction of legislation to make it illegal to discriminate against Rent Supplement tenants.

## Appendix 1: Threshold Rent Supplement Top-Up Survey, June 2014

Threshold conducted a survey in June 2014 of clients in receipt of Rent Supplement that had contacted Threshold in 2014 to measure:

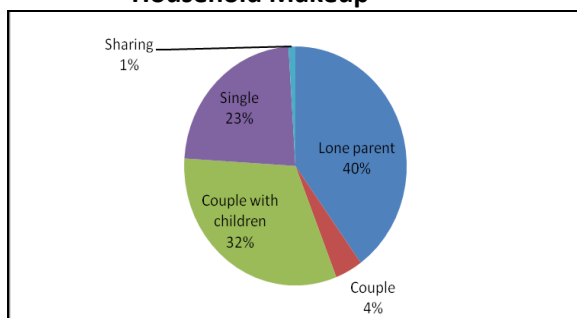
- If they were paying 'top up' to their landlords and, if so,
- The effect that this had on their spending in other areas of their lives.

**133** Rent Supplement recipients were surveyed, having been randomly selected.

For 94% of those in receipt of Rent Supplement, a social welfare payment was their main source of income, the breakdown of which is shown below.

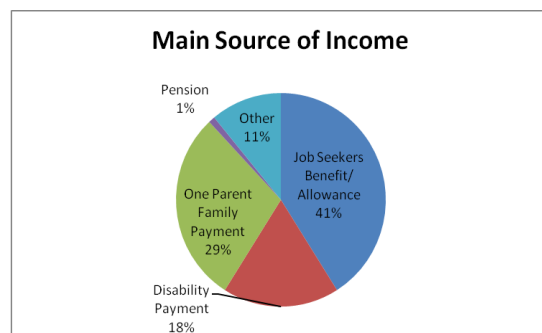
**Figure 1**

**Household Makeup**



**Figure 2**

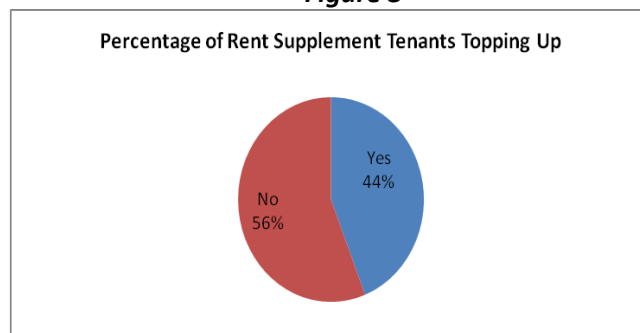
**Main Source of Income**



Respondents were asked if they paid more to their landlord than was declared on their Rent Supplement form. 44% of respondents (n=58) said that were 'topping up'.

**Figure 3**

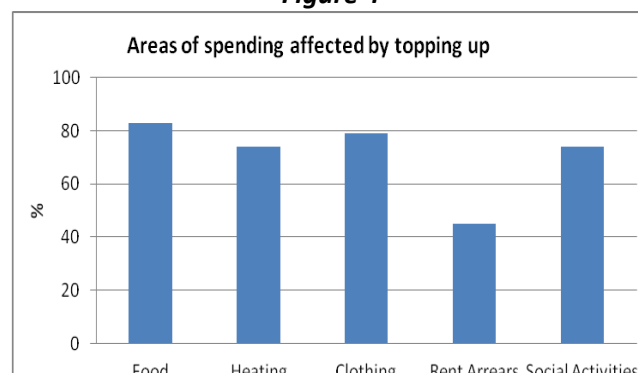
**Percentage of Rent Supplement Tenants Topping Up**



All respondents who were topping up, said it had an effect on their spending in other areas of their lives. The breakdown of these areas is shown below.

**Figure 4**

**Areas of spending affected by topping up**



## Appendix 2: The Relationship Between Rents and Maximum Rent Supplement Limits

### Revised Maximum Rent Limits for Rent Supplement 2013

On the 5<sup>th</sup> June 2012, the Minister for Social Protection, Joan Burton, announced the implementation of revised rent limits under the Rent Supplement Scheme, effective from the 17<sup>th</sup> June 2013 until 31<sup>st</sup> December 2014. This review benefited from analysis drawn from the PRTB/ESRI Rental Price Index that was unavailable in 2011 and also utilised publicly available data including the Central Statistics Office Rental Indices and the Daft.ie Rental Report.

As a result of an increase in the overall volume of persons renting property, the market share for Rent Supplement decreased from 40 per cent to 30 per cent. Therefore, the rent limit review for 2013 set maximum rent limits generally at the 35<sup>th</sup> percentile to reflect this change<sup>20</sup>. However it is clear from comparisons between maximum rent level and market rents below that much family accommodation in particular is not available in this segment of the market.

**Table 1 Revision to the Maximum Rent Limits 2011-2013**

County		Single	Couple with no Children	Couple 1 child or one parent family 1 child	Couple 2 children or one parent family 2 children
Dublin (Fingal)	<i>old</i>	€ 475	€650	€ 775	€ 825
	<b>new</b>	<b>€ 520</b>	<b>€700</b>	<b>€ 850</b>	<b>€ 900</b>
Dublin (other)	<i>old</i>	€475	€700	€875	€925
	<b>new</b>	<b>€520</b>	<b>€750</b>	<b>€950</b>	<b>€975</b>
Cork	<i>old</i>	€ 450	€575	€ 700	€ 715
	<b>new</b>	<b>€ 485</b>	<b>€575</b>	<b>€ 700</b>	<b>€ 725</b>
Galway	<i>old</i>	€ 450	€540	€ 680	€ 700
	<b>new</b>	<b>€ 475</b>	<b>€540</b>	<b>€ 700</b>	<b>€ 725</b>
Limerick	<i>old</i>	€ 390	€430	€ 500	€ 575
	<b>new</b>	<b>€ 375</b>	<b>€400</b>	<b>€ 500</b>	<b>€ 550</b>
Waterford	<i>old</i>	€ 390	€400	€ 500	€ 540
	<b>new</b>	<b>€ 375</b>	<b>€390</b>	<b>€ 475</b>	<b>€ 500</b>

The data presented in Table 1 outlines the changes made to the rent limits as a result of the Rent Limits Review (2013) undertaken by the Department of Social Protection, compared to the maximum rent limits set out in the Department's 2011 review. Table 1 reveals that the new rent limits show increases in Dublin, Cork and Galway, while in Waterford and Limerick rent limits are reduced. In a limited number of cases, such as families with one child living in Cork, the rent limits remain unchanged since 2011. This variation reflects the Department of Social Protection's commitment to provide a comprehensive review that included efforts to provide a rural/urban analysis relative to the mix of type and size of available dwellings in each county.

In order to assess if the revised rent limits are realistic when compared to market rents, what follows is an examination of rent levels and corresponding maximum rent limits in Dublin, Waterford, Limerick, Cork and Galway. In this section, data for 2013, which is the most up to date available, from the PRTB/ESRI<sup>21</sup> is utilised<sup>22</sup>. For the purposes of this study, the rents charged for one, two and three-bedroom dwellings are set against the most relevant categories of household composition, as designated in the Department of Social Protection's Rent Limit Review Report (2011) and as follows:

<sup>20</sup> This review set the Rent Supplement maximum rates generally at the 35<sup>th</sup> percentile of availability – i.e. to ensure that 35% of the relevant market is suitably priced for Rent Supplement recipients.

<sup>21</sup> The PRTB/ESRI disaggregates Dublin data by postcode area and this facilitates the selection of areas known to contain a high proportion of Rent Supplement claimants. In Waterford, Limerick, Cork and Galway the breakdown of average rents is provided at City and County levels.

<sup>22</sup> See Section Two for description.

- The one-bed average rental price is benchmarked against the single person’s maximum rent limit rate (not sharing)<sup>23</sup>.
- The two-bed accommodation average rental price is benchmarked against Couple/One Parent Family plus one child category.
- The three-bed average rental price is benchmarked against the Couple/One Parent Family plus two children category.

**Note: Data from the PRTB/ESRI Rent Index show rent levels that are significantly lower than rent levels recorded by other sources such as property website [www.daft.ie](http://www.daft.ie).**

To illustrate this point, the table below compares the average rents for one bed properties in 2013 in different parts of Dublin as recorded by the PRTB/ESRI Rent Index<sup>24</sup> and by [www.daft.ie](http://www.daft.ie)<sup>25</sup>

One Bed - 2013	PRTB/ESRI Rent Index	<a href="http://www.daft.ie">www.daft.ie</a>
Dublin 1	755	969
Dublin 3	714	851
Dublin 6	704	882
Dublin 9	716	835
Dublin 24	761	799

There are a number of possible explanations for this including the fact that PRTB/ESRI data is historical and by definition ‘top up’ will not be recorded in any officially declared rent. The examination below shows that the majority of rents recorded by the PRTB/ESRI Rent Index in 2013, which it can be argued are significantly lower than true market rents, do not fall under Maximum Rent Levels for Rent Supplement. Significant rent increases across the country in 2014 have widened the gap further, meaning that fewer properties still now fall within the limits.

## Rents and Maximum Rent Limits in Dublin

**Table 2 Rents in Dublin by Size of Dwelling, 2008-2013**

	One-bed	Two-bed	Three-bed
2008	1004	1263	1362
2009	908	1139	1251
2010	794	1004	1134
2011	765	970	1105
2012	765	988	1108
2013	783	1016	1129

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 2 shows the average rent charged for one to three-bed private rented housing between 2008 and 2013 in Dublin. It reveals that regardless of dwelling size, rents fell dramatically between 2008 and 2011. Rents stabilised from 2011, with an average 2% rise in rents evident between 2012 and 2013. By the end of 2013, Table 2 also reveals that compared to 2008, rents were down by 22% for one-bed dwellings, by 19% for two-bed dwellings and by 17% for three-bed dwellings.

### Increasingly Difficult for Families to Find Accommodation under Rent Supplement

An emerging trend in recent years is the increased difficulties that families in receipt of Rent Supplement have faced in securing properties to rent under the payment.

<sup>23</sup> The PRTB/ESRI rental index does not include a ‘sharing’ variable. However, interviews conducted for this study show that Rent Supplement claimants encounter difficulties finding accommodation within single person/couple in shared accommodation rent limits set down by the Department of Social Protection.

<sup>24</sup> PRTB/ESRI rental Index data, sourced August 2014

<sup>25</sup> Daft.ie Rental Report Quarter 4 2013: <https://c0.dmstatic.com/597/report/Daft-Rental-Report-Q4-2013.pdf>

Historically, it has been challenging for single people to secure accommodation under Rent Supplement. This was due to an undersupply of one bed accommodation across the country and also the fact that single people are in direct competition with couples for one bed properties.

However, families are now facing similar difficulties. The shortage of new build and social housing is resulting in families renting in the private sector for longer which is increasing demand and driving up rents. This in turn has put the average three bed property out of the reach of Rent Supplement recipients in many parts of the country.

This trend is particularly marked in Dublin and has directly resulted in families becoming homeless and ending up in hotel accommodation.

**Table 3 Three-bedroom Rent and Rent Limits in Selected Dublin Postcode Areas, by Type of Dwelling, 2013**

<b>Maximum Rent Limits for Three-bed Dublin Not Fingal - €975 Dublin 15 - €900</b>	<b>Actual Average Rent-Detached house</b>	<b>Actual Average Rent-Semi-detached house</b>	<b>Actual Average Rent-Terrace house</b>	<b>Actual Average Rent-Apartment</b>	<b>Actual Average Rent-Other flats</b>
Dublin 1	-	-	-	1471	-
Dublin 3	-	1262	1135	1384	-
Dublin 6	-	1530	1510	1460	1209
Dublin 7	-	1116	1080	1322	-
Dublin 8	-	1183	1187	1344	-
Dublin 9	-	1119	1151	1221	-
Dublin 11	-	1014	982	1027	-
Dublin 15	1232	999	997	1056	-
Dublin 22	-	941	921	1001	-
Dublin 24	1063	986	964	1010	-

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

The asking prices for three-bedroom rental properties are set out in Table 3. This Table indicates that maximum rent limits intended to facilitate couples/one parent families with two children to access Rent Supplement housing are distinctly misaligned with the market. For instance, this is particularly the case in Dublin 6, where the mean asking price for three-bedroom semi-detached housing is some €555 above the €975 rent limit. The figures in Table 3 indicate that only a very limited supply of terraced housing in Dublin 22 and 24 have registered asking prices below the maximum rent limits.

Threshold suggests the prevalence of properties for rent with asking prices above the maximum rent limits for two and three-bedroom dwellings reflects an increase in demand among couples who traditionally would have bought homes but cannot do so for a variety of reasons including lower incomes, lack of access to credit and uncertainty about their futures.

The figures presented in Tables 3 and 4 also bring into focus the needs of parents with shared custody of children who, Threshold reports, often require housing of this size, but are often assessed as single person households because their children do not reside with them on a full-time basis, or because custody arrangements are not formally documented.

**Table 4 Two-bedroom Rent and Rent Limits in Selected Dublin Postcode Areas, by Type of Dwelling, 2013**

Maximum Rent Limit for Dublin (Not Fingal) - Dublin 15 (Fingal) - €850	Two- bed - €950	Actual Average Rent Detached house	Actual Average Rent Semi- detached house	Actual Average Rent Terrace house	Actual Average Rent Apartment	Actual Average Rent Other flats
Dublin 1	-	-	-	977	1125	757
Dublin 3	-	-	1012	961	1088	775
Dublin 6	-	-	1192	1257	1217	878
Dublin 7	-	-	967	957	1012	734
Dublin 8	-	-	1053	1029	969	767
Dublin 9	-	-	980	993	990	776
Dublin 11	-	-	897	904	890	-
Dublin 15	-	-	909	888	944	-
Dublin 22	-	-	-	877	838	-
Dublin 24	-	-	902	896	882	-

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 4 shows the mean rents for two-bedroom accommodation in the selected Dublin postcode areas and reveals that the 2013 rent limit revisions provide couples/one parent families with one child with more housing options than their single person counterparts. However, in terms of location the distribution of two-bed housing within the rent limits is uneven. For instance, in Dublin 1, only properties in the 'Other flats' category with an average asking price of €757 fall within the limits, while in Dublin 24, the rents for semi-detached, terraced and apartment housing types fall within limits. These figures are in line with Threshold's view that the higher Rent Supplement payments granted to claimants with one child makes it more likely for these households to access private rented housing compared to single person households.

**Table 5: One-bedroom Rents and Rent Limits in Selected Dublin Postcode Areas, by Type of Dwelling, 2013**

Maximum Rent Limits for One-bed: Single person= €520 Couple = €750 (€700 Fingal)	Actual Rent One bed Terrace house	Actual Rent One bed Apartment	Actual Rent One bed Other flats
Dublin 1	0	835	561
Dublin 3	668	850	553
Dublin 6	819	920	607
Dublin 7	673	779	528
Dublin 8	800	838	558
Dublin 9	0	759	507
Dublin 11	0	759	604
Dublin 15	-	800	-
Dublin 22	-	-	-
Dublin 24	-	762	-

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 5 compares the average rents for one-bed accommodation in the selected Dublin postcode areas. In each area, the average asking price for rents significantly exceeds the rent limit, currently set at the single person limit of €520. In practice this means claimants are consigned to a very limited supply of housing under the 'Other flats' category. From the evidence gathered for this study, it is evident that this type of housing is predominately low quality and poorly maintained studios and small flats, where top-up payments often constitute part of the rent.

It could be argued, that in some cases, one-bed accommodation could be benchmarked against the maximum rent level rate set at €700 for couples (without children) living within Fingal and at €750 for those living elsewhere in Dublin. Using this approach the data in Table 5 show that rents in the Fingal area i.e. Dublin 15, for the purposes of this study, are above the rent limit, while for claimants living in other areas of Dublin, housing options improve. Using this benchmarking approach to the availability of Rent Supplement dwellings suggests couples/two person households (without children) should have access to terraced housing in Dublin 7, to apartments in Dublin 11, and to all dwellings types that fall under the 'Other flats' category in Dublin 1, 3,

6, 7, 8, 9 and 11. In other words, most of the one-bed accommodation available at this couples' rent limit rate comprises studios and small flats.

In the period immediately after rent limit reductions in 2012, housing and information support workers reported an increase in queries related to the difficulties single people in Dublin encountered when attempting to find one-bed accommodation under the revised limits. Also, during this period Threshold reported a significant decline in the supply of rental housing available to their homeless clients with asking prices below the maximum rent level set at the single rate effective in 2012. For these reasons, benchmarking one-bed accommodation against the couple rent limit set for 2013 is questionable, as single persons are the most likely household type to generate demand for Rent Supplement properties of this size.

#### Rent and Maximum Rent Limits in Cork, Galway, Waterford and Limerick Cork

**Table 6 Rents in Cork by Size of Dwelling, 2008-2013**

	One-bed	Two-bed	Three-bed
2008	660	869	914
2009	629	808	851
2010	581	732	781
2011	542	694	748
2012	538	689	737
2013	555	707	746

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 6 demonstrates that in broad terms, the trends in rents witnessed in Dublin for two-bed properties during the period 2008-2013 are mirrored in the case of Cork. However, during this period, the reduction in rents in Cork occur most significantly for three-bed properties, dropping by some 18 per cent during this period, while the rents for one-bed properties dropped by 16%. This Table also shows that between 2012 and 2013 rents increased by 3% for one and two-bed dwellings and by 1% for three-bed dwellings.

**Table 7 Rents and Rent Limits in Cork City and County, by Size of Dwelling and Type of Housing, 2013**

Maximum Rent Limits		Actual	Actual	Actual	Actual	Actual
One-bed Rent Limit- €485		Average	Average	Average	Average	Average
Two-bed Rent Limit - €700		Rent-	Rent-	Rent-	Rent-	Rent-
Three-bed Rent Limit - €725		Detached	Semi-	Terrace	Apartment	Other
		house	detached	house		flats
			house			
Cork City	One -bed	-	-	558	639	478
	Two -bed	705	719	701	821	594
	Three-bed	774	811	810	984	-
Cork County	One -bed	504	563	540	591	460
	Two -bed	583	655	661	743	543
	Three- bed	677	725	736	909	-

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 7 outlines the average market rents in Cork City and County areas, allowing comparison with the maximum rent limit thresholds for a range of housing types and sizes. The data in this Table indicate that most Rent Supplement claimants who wish to live in the Cork City area encounter difficulties accessing housing. With the exception of two-bed flats, rents for all other housing types are above the corresponding rent limits.

The data in Table 7 also show that when the aggregate rents for Cork County as a whole are considered, the possibility of finding Rent Supplement accommodation within rent limits improves somewhat. For instance, the vast majority of rents for two-bed housing, located in Cork County, fall within the rent limits. Otherwise, access to Rent Supplement housing is limited to one-bed flats and three-bed detached houses.



**Table 8: Rents in Galway by Size of Dwelling, 2008-2013**

	One-bed	Two-bed	Three-bed
2008	600	797	869
2009	581	749	804
2010	552	704	754
2011	541	690	784
2012	541	696	753
2013	543	701	760

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 8 charts the decline in rents in Galway between 2008 and 2013. The data show that rents for one-bed dwellings fell by 9.5%, with a decrease in two-bed rents of 14% and a 27% decrease in rents for three-bed housing. Table 8 also shows that rents in Galway fell most significantly between 2008-2011, with an average increase of 2% by the end of 2013, which equates to a 1% increase in one-bed rents and a 3% increase in rents for both two and three-bed dwellings.

**Table 9: Rents and Rent Limits in Galway City and County, by Size of Dwelling and Type of Housing, 2013.**

Maximum Rent Limits		Actual	Actual	Actual	Actual	Actual
One-bed Rent Limit - €475		Average	Average	Average	Average	Average
Two-bed Rent Limit - €700		Rent-	Rent- Semi-	Rent-	Rent-	Rent-
Three-bed Rent Limit - €725		Detached	detached	Terrace	Apartment	Other
		house	house	house		flats
<b>Galway City</b>	One-bed	-	-	-	608	648
	Two-bed	578	694	745	761	663
	Three-bed	722	790	818	950	-
<b>Galway County</b>	One-bed	-	461	-	566	467
	Two-bed	504	594	660	722	565
	Three-bed	609	723	743	874	904

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014

Table 9 demonstrates that Rent Supplement claimants have very limited housing options in Galway City. For instance, only two-bed semi-detached housing, with an average rent of €694, and three-bed detached housing, with an average rent of €722, are below the rent limits. When rent levels in Galway are considered at the county level, the figures presented in Table 9 show that the rents for one-bed flats, all types of two-bed houses and three-bed detached houses are below the rent limits.

## Waterford

**Table 10: Rents in Waterford by Size of Dwelling, 2008-2013**

	One-bed	Two-bed	Three-bed
2008	541	636	767
2009	513	602	704
2010	480	541	616
2011	458	518	579
2012	435	506	582
2013	412	493	570

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 10 details the changes in rents in Waterford between 2008 and 2013. It shows that since 2008, rents in Waterford have consistently declined. The data show a drop of 23% in rents for one and two-bed accommodation, with rents for three-bed accommodation falling by 26%. Further, Table 10 also reveals that by the end of 2013 rents in Waterford continued to fall, which indicates there is less demand for private rented housing in Waterford than in the other areas examined in this study, where recent rent increases are evident.

**Table 11: Rents and Rent Limits in Waterford City and County, by Size of Dwelling and Type of Housing, 2013.**

<b>Maximum Rent Limits</b>						
<b>One-bed Rent Limit - €375</b>						
<b>Two-bed Rent Limit - €475</b>		Detached	Semi-	Terrace	Apartment	Other
<b>Three-bed Rent Limit - €500</b>		house	detached	house		flats
Waterford City	One-bed				428	364
	Two-bed	-	492	507	499	-
	Three-bed	660	647	589	475	-
Waterford County	One-bed			410	423	364
	Two-bed	487	475	500	496	425
	Three-bed	580	624	575	473	-

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 11 provides an overview of the rents charged in Waterford. It shows that the majority of rents are above the rent limits, despite the observed decline in average rents across the County. In Waterford City, properties within the rent limits are confined to one-bed small flats and studios that fall under the 'Other flats' category. In addition, the figures presented in Table 11 detail the rental rates for Waterford County as a whole and reveal a shortage of Rent Supplement housing generally, where only one-bed flats, two-bed detached houses and three-bed apartments rents fall within the rent limits.

### Limerick

**Table 12: Rents in Limerick by Size of Dwelling, 2008-2013**

	<b>One-bed</b>	<b>Two-bed</b>	<b>Three-bed</b>
2008	546	734	734
2009	527	681	723
2010	495	610	658
2011	472	572	636
2012	444	561	637
2013	437	568	643

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

At this juncture in the examination it is evident that the predominant trend in rent levels between 2008 and 2013 is characterised by reductions in rental price points until rent stabilisation from 2011 onwards, with an indication of rent increases across all dwelling types by the end of 2013. The data in Table 12 demonstrate that by the end of 2013 the rental price points in Limerick conform to this pattern, with the exception of one-bed dwellings where rents continued to drop.

**Table 13: Rents and Rent Limits in Limerick City and County, by Size of Dwelling and Type of Housing, 2013**

<b>One-bed Rent Limit - €390</b>						
<b>Two-bed Rent Limit - €500</b>						
<b>Three-bed - €575</b>		Detached	Semi	Terrace	Apartment	Other
		house	detached	house		flats
Limerick City	One-bed	-	-	-	459	363
	Two-bed		541	534	574	490
	Three-bed	622	651	619	709	-
Limerick County	One-bed	-	-	-	458	364
	Two-bed	521	514	537	578	479
	Three-bed	562	637	620	691	-

Source: Adapted from the Private Residential Tenancies Board Rent Index, August 2014.

Table 13 points to the severe housing disadvantage faced claimants living in Limerick City and County. It shows that in Limerick City and irrespective of size or type of dwelling, asking prices are above the rent limits. One exception is the rent levied on one-bed housing under the 'Other flats' category, where rents average €363 and are below the €390 rent limit. At County level, the data in this Table also indicate a limited supply of housing available to Rent Supplement claimants, who are restricted to one or two-bed flats, where rents are charged at €364 and €479 respectively. Otherwise, the data show a significant differential between rents priced above maximum rent limits set for 2013.