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POVERTY PROOFING SOUTH DUBLIN COUNTY COUNCIL'S DIFFERENTIAL RENT SCHEME

2004

South Dublin County

Celebrating Ten Years
Ag Ceiliúradh Deich mBliana

Acknowledgement

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Executive Summary

Introduction

This report is concerned with 'poverty proofing' South Dublin County Council's Differential Rent Scheme. The first chapter outlines the National guidelines, which local authorities must bear in mind when developing rent schemes. These include the requirement that rent schemes be progressive, with rents increasing as income increases but taking care to avoid poverty traps. This means *that any increase in rent should not absorb too much of increases in income of tenants on low-incomes, in receipt of old age pensions or social welfare*. In a recent study, Limerick City Council (2002) found three types of rent scheme in operation: banded rent schemes, rent schedule schemes and fixed percentage rent schemes. The Department of Environment, Heritage and Local Government (2002) has identified banded rent schemes as contributing to poverty traps and has urged local authorities to move away from applying them. The Limerick study confirmed this view and recommended one of the other two types of scheme.

Rent schemes should be progressive, with rents increasing as income increases – but also taking care to avoid poverty traps.

South Dublin County Council operates a rent schedule scheme. The broad features of this rent scheme are outlined in chapter two, including the rent percentage, level of minimum rent and statement of the hardship clause. These features are compared with those of Dublin City Council, Fingal County Council and Dun Laoghaire-Rathdown County Council. This comparison is included not only because South Dublin County Council (along with Fingal County Council and Dun Laoghaire-Rathdown) originally fell within the old Dublin County Council boundary, but also because of the Department of Environment, Heritage and Local Government requirement for Local Authorities to be mindful of the rent schemes of neighbouring councils.

Short Profile of South Dublin County Council's Tenants

Chapter two provides a short profile of South Dublin County Council's tenants. The majority of data within this chapter is adopted from The Irish National Survey of Housing Quality (ESRI, 2003). The profile begins by looking at household types in South Dublin County and then examines these household types, in terms of income levels. Lone parent households and all-adult households with members aged 65plus emerge as the lowest income households in the County. On the other hand, households composed of parents with grown children and all-adult households with members aged 65 and under are on the highest incomes.

Of all South Dublin County Council tenants, the lowest income households are those with members aged 65+ and lone parent households.

The position of South Dublin County Council tenants is also examined in this chapter. When compared with South Dublin County residents generally, South Dublin County Council tenants are concentrated in the lowest income brackets. Also, looking at the economic status of householders (i.e. the person responsible for the accommodation or the older of several persons equally responsible), higher percentages of South Dublin County Council tenants are unemployed or engaged in home duties when compared with the County generally.

Comparing South Dublin County Council renters with private renters, the latter are shown to pay very much higher rents than local authority tenants. Affordability measures i.e. housing costs relative to income, are also examined. Across the majority of measures local authority tenants emerge as being disadvantaged. They are more likely to lack a greater number of household appliances, goods and services than private renters and residents of South Dublin County generally. They are the most likely to have experienced arrears on housing or utility bills and many find housing costs to be a heavy burden. Even though their rents are much lower than those of private renters, many South Dublin County Council tenants experience difficulty in paying their housing and other expenses.

… despite rents being significantly lower than the private sector, many tenants experience difficulty in paying their housing and other expenses …

Treatment of Different Groups under the South Dublin County Council Differential Rent Scheme

... poverty proofing is defined as the process by which policies are assessed at design and review stages regarding the impact they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction ...

The current South Dublin County Council Differential Rent Scheme is presented in chapter three. The rent assessment form and accompanying letter sent to tenants in January 2004 for this year's 'rent review' are also included here. Three fictional examples of household income demonstrate how rent is assessed for tenants in varying financial and family circumstances. The objective of this report is to poverty proof South Dublin County Council's Differential Rent Scheme. According to Government guidelines (1999), poverty proofing is defined as 'the process by which policies are assessed at design and review stages regarding the impact they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction'. According to the Combat Poverty Agency (2004), poverty proofing involves arriving at a statement about the impact of a policy on groups in or at risk of poverty following a systematic analysis. The revised National Anti-Poverty Strategy (2002) identified specific 'groups that have an increased risk of disadvantage '. A summary of how these groups are treated under South Dublin County Council's Differential Rent Scheme is included and compared to treatment under the other Dublin local authorities. Generally speaking, South Dublin County Council compares well with the other Dublin local authorities in its' treatment of these vulnerable groups.

Where children are concerned, South Dublin County Council comes out on the generous side, in their definition of 'dependent child' and in the amount of deduction made from the principal earner's income in respect of them. Also, South Dublin County Council treats full-time students (including mature students) comparatively well, allowing them to earn more than a regular subsidiary earner before seeking a rental contribution. 'Subsidiary earner' is gender neutral. The person in receipt of the highest income in the household is the principal earner; subsidiary earners are other household members with an income. Most subsidiary earners tend to pay the maximum weekly contribution. This charge is similar across three of the Dublin local authorities, South Dublin County Council included. In Fingal County Council, different formulas and different maximum contributions are applied, depending on whether subsidiary earners earn below or above a given income threshold.

South Dublin County Council is the only Local Authority to disregard Living Alone Allowance, Fuel Allowance and the extra allowance paid to people aged 80 plus

Two of the Dublin local authorities (South Dublin County Council included) disregard increases in income as a result of the payment of Carer's Allowance when assessing rent. South Dublin County Council also disregards Living Alone Allowance, Fuel Allowance and the extra allowance paid to people over 80 in receipt of social welfare payments. (South Dublin County Council is the only local Authority to disregard all three of these payments.) Where disabled people are concerned, South Dublin County Council is the only local authority to disregard dietary and mobility allowances paid by Health Boards. South Dublin County Council and Dun Laoghaire-Rathdown both disregard Disability Allowance, however, while Dun Laoghaire-Rathdown's position is formally stated in their rent scheme, this is not the case in South Dublin County Council. In practice, decisions re South Dublin County Council rents are made on a case-by-case basis and the payment tends to be disregarded for long-term recipients who are not capable of working. South Dublin County Council's treatment of families is broadly similar to that of the other local authorities. For example, South Dublin County Council does not assess 'once-off' payments like Exceptional Needs Payments or Christmas Social Welfare bonuses for rent. Dun Laoghaire-Rathdown is the only local authority to disregard Family Income Supplement for rent assessment. Where self-employed people are concerned, all four local authorities follow the same procedure – assessable income and rent due are determined from documentary evidence supplied. Should this evidence not be forthcoming, three of the local authorities state the incomes they will assume. South Dublin County Council has the lowest assumed net incomes in this regard.

South Dublin County Council's treatment of families is broadly similar to that of the other local authorities.

Chapter three ends by comparing the treatment of people on various employment support schemes across the four local authorities. The Department of Environment, Heritage and Local Government has issued several circulars requesting local authorities not to assess increases tenants receive as a result of Community Employment Schemes, Back to Work Allowance Schemes or Area Partnerships. There are differences between the local authorities in their treatment of each of these three schemes. Of the four local authorities, South Dublin County Council adheres to the Departmental guidelines most closely. Some local authorities also make allowances for tenants participating in a

Job Initiative Scheme or in a Social Economy Enterprise, although they are not obliged to do so by the Department of Environment, Heritage and Local Government. Fingal County Council treats tenants participating in Community Employment, Social Economy, Area Partnerships and Job Initiative schemes in the same way. That is, for tenants participating in these schemes, their rent increase is capped for one year. This approach has the advantage of being straightforward for tenants. However, tenants lose out under this approach e.g. the departmental requirement regarding Community Employment is to ensure that tenants' rents are not increased as a result of their increased income from participating in the scheme, and there is no time limit on this provision.

Recommendations

Upon reviewing the application of the rent schedule scheme in terms of poverty proofing, it is concluded that overall the differential rent scheme as operated by South Dublin County Council does not contribute to poverty traps.

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After comparing the rent scheme as operated by South Dublin County Council with those of the other 3 local authorities in the Dublin Region and upon considering the profile of South Dublin Local Authority tenants, a number of recommendations have been made.

These recent recommendations aim to further enhance the operation of the rent scheme within South Dublin County Council and aim to ensure it's operation is as inclusive as possible. These recommendations fall into three broad categories:

- **Content of the Rent Scheme**
- **Rent Collection and Arrears**
- **Provision of Information about the Rent Scheme**

(1) Recommendations around Content of the Rent Scheme

There may be scope for increasing the amount of rent paid by subsidiary earners in a household, although this would have to be very carefully executed so as not to exacerbate the problem of subsidiary earners not declaring income or not registering as members of the household. Where families are concerned, there is a strong case for disregarding Family Income Supplement (FIS) for rent assessment. FIS is a 'top up' payment awarded to low income families with children (including lone parent families), it is intended to bring them nearer to an 'acceptable' income level. Also, since 2004, FIS is no longer included when determining a families entitlements to rent/mortgage interest supplement.

Where dependent children are concerned, there may be merit in allowing an increased deduction from the principal earner's income, from say, the third child onwards. Currently, South Dublin County Council disregards any increase in income resulting from the payment of Carer's Allowance. The possibility of disregarding Carer's Allowance entirely for rent assessment should be considered. Where older people are concerned, several social welfare allowances are disregarded for rent assessment. Older people also benefit from the fact that only current income is assessed not savings. Apart from the differential rent scheme, it is important that older people in general have comfort e.g. adequate central heating and good insulation in their homes. The practice of disregarding Disability Allowance for long-term recipients who are not capable of working is reasonable. However, all rents staff should become familiar with this practice, if they are not already, and staff should apply this practice as uniformly as possible as it is not expressly stated in the rent scheme.

The treatment of self-employed people in South Dublin County Council is in line with that of other Dublin local authorities i.e. where documentation is not supplied, an income is assumed to determine rent due. In South Dublin County Council, however, assumed net incomes are somewhat lower than the other Councils. There may be some scope to increase these amounts.

Where employment support schemes are concerned, the difference between South Dublin County Councils approach and Fingal County Council approach is summarised. It may be equitable to devise some allowance for tenants participating in schemes currently assessed in full by South Dublin County Council (Job Initiative scheme and Social Economy enterprise). All such schemes are targeted at long-term unemployed people and other groups experiencing disadvantage, so making some allowance for them could be seen as 'rewarding' people for returning to education/employment. One suggestion is to allow a 'lead-in' time of say three months, where the tenant would remain on their old rent.

Finally, three of the Dublin local authorities (including South Dublin County Council) have the same, non-specific hardship clause. The hardship clause has to be general because each hardship case is very different. Often, these cases involve tenants with addiction problems or mental health difficulties and generally involve writing off their arrears. Consideration should be given to using the hardship clause to reduce the tenant's rent for a period of time in certain other cases e.g. where arrears arise because of a significant change in circumstances, such as after separating from a partner.

(2) Recommendations around Rent Collection and Arrears

The second set of suggestions for South Dublin County Council's rent scheme concern rent collection and arrears. Rent collection is very important as monies collected go into housing maintenance. Also, there is likely to be an increased focus on the level of rent arrears as the amount and length of arrears are now service indicators, which will be compared across local authorities. As a first step, the efficiency of the different collection methods could be reviewed and the level of arrears associated with each method assessed. The Household Budget Scheme and Money Advice and Budgeting Service Special Accounts can be particularly effective. While South Dublin County Council currently 'encourages' new tenants or those in arrears to sign up to the Household Budget Scheme, it may be worth obliging tenants in receipt of social welfare payments to sign up to it, if appropriate. MABS Special Accounts are operated by credit unions for people availing of the MABS service but for whom the Household Budget Scheme is not suitable. This method could also be encouraged where appropriate, as it has the advantage of being free to the tenant, unlike e.g. standing orders. Another idea is to run more pre-tenancy budgeting courses and budgeting courses for existing tenants. Tenants in arrears would especially benefit from such courses, or from attending individual debt counselling, from either the Housing Welfare Officer or from an independent agency like MABS.

An important cause of arrears is when tenants fail to notify the Rents Section promptly about changes in income or family circumstances. When the Council finds out, the tenants' rent is reviewed which can lead to backdating of arrears. One suggestion is to give tenants an 'employment incentive', that is, they could be given a month's grace on their old rent provided that they inform the Council immediately when they take up work. Other incentives to encourage the prompt payment of rent include having rent-free weeks or prize draws for tenants who have paid their rent in full, at year-end. The former might also prove beneficial given that some arrears arise during seasonal periods of high expenditure for tenants.

Overall, in an arrears situation, early intervention is very important, as the low average income of tenants means that those who fall into even small levels of arrears can find it difficult to repay this debt. It may be more beneficial if the Rents Section took action where tenants were in arrears after a set number of weeks, rather than in arrears to a set amount. Also, as arrears tend to be more common among new tenants, specific actions could be taken here e.g. they could be visited a few months after allocation to ensure that their rent assessment and payment method are satisfactory. Also, preventing arrears is obviously preferable to tackling them when they arise. One way that this can be done is to ensure that tenants are paying an affordable rent, through proper rent assessment and regular rent reviews. Another idea is to make tenants aware of any social welfare payments or tax relief that they may not be claiming. A final suggestion is to re-examine the issue of maximum rents.

(3) Recommendations around Provision of Information about the Rent Scheme

The third set of suggestions concern the provision of information about the rent scheme. Providing user-friendly information to tenants about the rents service is crucial to preventing arrears. Looking at the wording of South Dublin County Council's current Differential Rent Scheme, while it is reasonably clear, there are some areas in which it could be improved. When the 2005 rent scheme is being drafted, it would be worthwhile to consult the National Adult Literacy Association website to take account of 'Plain English' guidelines. A number of specific suggestions for changes to the wording of the rent scheme are also made in this chapter. It is suggested that 'official' language and references to legislation be removed. The section on assessable income and especially on how rent is calculated needs to be improved. A sample rent calculation could be included here, such as the one that appeared in letters sent to tenants at the time of the rent review. Though it would result in the loss of some income for the Council, it may be worthwhile to leave the principal earner's contribution at 10% of assessable income (without adding the fifty cent) as this is somewhat easiest to calculate. Some of the text about income sources that are disregarded needs to be updated to reflect social welfare changes and some text needs to be rephrased to reflect the Council's policy more accurately.

Considering media, it would be worth exploring additional ways to disseminate information about the rents service. For example, it might be useful to widen the role of Estate Management Officers to include provision of information and advice around the rent scheme. Alternatively, staff representing all housing sections could hold annual meetings with tenants to disseminate information across the housing functions.

Chapter 1

Introduction

The South Dublin County Strategy 2002–2012, "South Dublin: *A Place for People*" and the implementation plan for 2002 – 2005, contains the following action:

'Review the operation of rent allowance schemes to identify inconsistencies in levels of support provided to people on similar incomes by different agencies and report on recommendations'.

In order to progress this action the Housing Department requested the Social Inclusion Unit to 'poverty proof' the Differential Rent Scheme as operated by South Dublin County Council. This proofing exercise entails a review of how different target groups are treated under the rent scheme, with the principal aim of determining whether the scheme contributes to 'poverty traps'. A poverty trap occurs when a significant portion of an individuals' increase in household income is absorbed through rental increase. The review also suggests how to better target resources at those in greatest need. This review will contribute to the preparation of the 2005 Differential Rent Scheme.

The Department of the Environment, Heritage and Local Government Guidelines

From 1973 Ireland had a National differential rents scheme. Rents on all local authority dwellings were related to tenants' incomes. The national scheme was abolished in 1986 and local authorities were given the power to determine local rent schemes (Housing Unit, 2000). While local authorities have full discretion on the type of rent scheme they implement, the Department of Environment, Heritage and Local Government has issued guidelines on the matter, the most recent of which were issued in March 2002 (Circular HRT 3/2002).

This circular outlined the broad principles that local authorities should consider when drawing up rent schemes. These are:

- Rent should be related to income and a smaller proportion of income should be sought from low-income households.
- Allowances should be made for dependent children – this includes those under 21 in full-time education.
- Subsidiary earners in the household should be required to contribute towards rent.
- Schemes should include a provision to accept a lower rent in exceptional cases where payment of the normal rent would lead to hardship.
- Local authorities should take local factors into account. This includes the costs of management and maintenance of the stock of rented dwellings. Rental income is the main source of funding for these costs (DoEHLG, 2002).

Limerick City Council recently undertook research to develop a rent scheme that satisfied the requirements of this circular. Of particular interest to the Limerick study was the requirement that, *'rent schemes should be progressive, with rent levels increasing as income increases but ensuring that this approach does not contribute to the creation of poverty traps'* (DoEHLG, 2002). Also, the study was careful to consider policies adopted by neighbouring local authorities, which is another principle from the circular.

The Limerick study defined a poverty trap as a situation when a person is actually worse off following an increase in earnings. Although gross income rises, net income falls. A broader definition of a poverty trap is where a person only benefits slightly following an increase in earnings. This can happen when all or part of extra income is lost through higher tax and PRSI, while some means-tested benefits are also entirely or partially lost (Limerick City Council, 2002). In their 2002 circular, the Department of Environment, Heritage and Local Government stress the importance of minimising this effect where rent increases are concerned. Rent increases should not absorb too much of increases in income of tenants on low-incomes, in receipt of social welfare or old age pensions.

Having examined a variety of local authority schemes, the Limerick study concluded that there were three types of rent scheme in operation (Limerick City Council, 2002):

1. Banded Rent Scheme

Rent is calculated according to given income bands, with various rent percentages and fractions applying to these bands. E.G. If income is €151 - €200, rent is charged at 10%. If income is €201 - €250, rent is charged at 12%. So, if income is in a higher band, you pay a higher rent percentage.

2. Rent Schedule Scheme

A schedule of incomes and corresponding rents are provided in a table. E.G. Reading from the table you would see that as income increases by €1, rents increase by €0.20. Such tables can also display deductions from rent in respect of each dependent child.

3. Fixed Percentage Rent Scheme

Rent is calculated as a fixed percentage of income. E.G. Rent is set at 15% of income.

Although they are progressive, the Department of Environment, Heritage and Local Government (2002) identified banded rent schemes as contributing to poverty traps and urged local authorities operating such schemes to move away from them. This was the type of rent scheme operated by Limerick City Council at the time of the study and they confirmed that banded schemes could contribute to poverty traps. The following hypothetical example illustrates how a poverty trap can occur under a banded rent scheme:

Mr. Kelly earns €195 net per week. 10% of this income is due as rent – his rent is €19.50 per week. Following an increase in wages, he now earns €205 net per week. Now he falls into the higher income band and 12% of his income is due as rent. This works out at €24.60 per week. While he got an increase of €10 net from work, €5.10 of it was absorbed by his rent increase.

The Limerick study also argued that banded schemes can be difficult for staff to administer and for tenants to understand. (Limerick City Council, 2002).

The Limerick study recommended the fixed percentage rent scheme as the preferred choice. This is because such a scheme would be progressive, would not contribute to poverty traps and would be easy for staff to administer and for tenants to understand. These features are also true of the rent schedule scheme. The advantage that the fixed percentage scheme has over the rent schedule scheme is that the former is easier to design and allows for greater flexibility e.g. future alterations to rents can be implemented easily (Limerick City Council, 2002).

The South Dublin County Council Differential Rent Scheme

In 1986, when the departmental guidelines were issued, local government in Dublin consisted of Dublin Corporation and Dublin County Council. In 1994, the latter authority split into 3 distinct Local Authorities, South Dublin County Council, Dun Laoghaire-Rathdown County Council and Fingal County Council. Therefore, between 1986 and 1993, these three local authorities were part of Dublin County Council with one differential rent scheme. The guidelines also recommend that Local Authorities are mindful of the rent schemes of neighbouring counties, this report compares the rent schemes of the four Dublin councils. Although the principal interest lies in 'poverty proofing' South Dublin County Council's rent scheme (included in chapter three), the other schemes are referred to throughout the report for comparative purposes.

South Dublin County Council currently operates a rent schedule scheme. That is, a schedule of incomes and corresponding rents that are set out in table format. This table also displays deductions from rent in respect of each dependent child. The contribution due from the principal earner works out at 10% of assessable income plus fifty cent. The assessable income of the principal earner is reduced by €1 per dependent child. The following is an excerpt from the current South Dublin County Council rent schedule:

Table 1.1: Rent Contribution due from the Principal Earner, for different assessable incomes and family sizes

Income	0 Children	1 Child	2 Children	3 Children	4 Children	5 Children
€195	€20.00	€19.90	€19.80	€19.70	€19.60	€19.50
€196	€20.10	€20.00	€19.90	€19.80	€19.70	€19.60
€197	€20.20	€20.10	€20.00	€19.90	€19.80	€19.70
€198	€20.30	€20.20	€20.10	€20.00	€19.90	€19.80
€199	€20.40	€20.30	€20.20	€20.10	€20.00	€19.90
€200	€20.50	€20.40	€20.30	€20.20	€20.10	€20.00

As mentioned above, this type of rent scheme is preferable over the banded rent scheme in that it does not contribute to poverty traps. For example, going back to the case of Mr Kelly:

Originally, Mr. Kelly earned €195 net per week. Under the South Dublin County Council rent schedule scheme, he owes €20 rent per week. After his pay increase to €205 net per week, he now owes €21 rent. His rent increase absorbed €1 of his €10 net pay increase.

The following table compares the main features of the differential rent schemes of the four Dublin local authorities. The treatment of different groups, including dependent children and subsidiary earners, is outlined in chapter three.

Table 1.2: Differential Rent Schemes in the Dublin Local Authorities

Local Authority	Rent %	Minimum Rent	Maximum Rent
South Dublin County Council (Rent Schedule Scheme)	Approximatey 10% of Principal Earner's Assessable Income	€12	No maximum rent
Fingal County Council (Fixed Percentage Rent Scheme)	11% of Principal Earner's Assessable Income	€14 (except for one-bedroomed dwellings, for which it is €11)	No maximum rent
Dublin County Council (Fixed Percentage Rent Scheme)	15% of Principal Earner's Assessable Income in excess of €32 weekly*	No minimum rent	Depends on number of room in dwelling
Dun Laoghaire – Rathdown County Council (Rent Schedule Scheme)	Approximately 16% of Principal Earner's Assessable Income	€19	No maximum‡

*If the Principal Earner's spouse/partner has a weekly income of €40 or less, the Principal Earner is allowed €64 weekly before 15% rent is calculated on the balance. Where the spouse/partner has a weekly income over €40, this 'couple' allowance does not apply.
‡Tenants who were charged maximum rent under their previous rent scheme will not have their rent increased by more than €12 per week solely because of the application of this scheme.

As can be seen from this table, there are some variations between the local authorities in the features of the rent schemes. South Dublin County Council has the lowest rent percentage at 10%, Dun Laoghaire-Rathdown the highest at 16%. They differ in the levels at which minimum rents are set. Fingal County Council has a lower minimum rent for one-bedroomed dwellings. In previous years, this was also true of South Dublin County Council but this practice has now ceased. For the most part, the local authorities have abolished maximum rents.

All four local authorities have a very similar position on the definition of Assessable Income and on the Hardship Clause – this is summarised by the following table:

Table 1.3: Definition of Assessable Income and Hardship Clause in the Dublin Local Authorities

Assessable Income	Hardship Clause
Income net of tax and PRSI **Income from Employment & Self-employment** Average weekly wage including overtime payments, shift allowances, commission, bonuses etc. **Income from Social Welfare & Pensions*** All social insurance and social assistance payments, allowances and pensions. Health board allowances. FÁS training allowances. Occupational pensions. Any other sources of income not already listed.	*'Where payment of a rent calculated in accordance with this Scheme would give rise to hardship, the Council may agree to accept a lesser sum from a tenant for a specified period'*

*Certain payments are disregarded – these are discussed in chapter three.

Three of the local authorities have a hardship clause worded the same way as the one above. Dublin City Council's hardship clause is more specific: *'where there are exceptional factors adversely affecting the social functioning of a household and contributing to the tenant's inability to pay the rent assessed ... or where the payment of that rent would give rise to undue hardship, [the Rents Section] may authorise a reduction in the rent assessed under this Scheme by up to 50% for a period of up to six months in respect of that household'.*

The following chapter presents a short profile of South Dublin County Council's tenants. Chapter three examines how different groups are treated under the South Dublin County Council rent scheme in comparison with the other Dublin rent schemes. Chapter four makes some suggestions for amendments to the South Dublin County Council rent scheme. The final chapter summarises the report.

Chapter 2

Profile of South Dublin County Council's Tenants

This chapter is concerned with those people the rent scheme has the greatest impact on – the tenants of South Dublin County Council. This chapter focuses on the County and many of the comparisons are between the general population in South Dublin County and South Dublin County Council's tenants. The situation in South Dublin County is not compared with the national position or with other local authority areas. The tables in this chapter are taken entirely from The Irish National Survey of Housing Quality, published in November 2003 by the ESRI. Nationally, 40,000 households were surveyed and the ESRI also produced representative breakdowns at local authority level. The tables in this chapter are adapted from the South Dublin County breakdowns.

Data Considerations

It is important to note that this ESRI data does not match Census 2002 data exactly. This is because of the samples used in each case. The ESRI data derives from a sample of households in South Dublin County, while Census 2002 covers the entire population of the County. The main reason for using the ESRI data as opposed to census data is that the range of information presented by the ESRI is not currently available anywhere else. This is especially true of data concerning South Dublin County Council's tenants.

As the Combat Poverty Agency argue (2004), when poverty proofing a programme, you have to collate and review available data. Poverty proofing is not about overhauling data sources.

According to Census 2002, there are 73,516 private households in South Dublin County, containing 236,244 persons (Government of Ireland, 2003a). The table on the following page outlines the different household types in South Dublin County as a whole.

Table 2.1: Breakdown of Household Types in South Dublin County

Household Type	South Dublin County %
One person under 65	10%
One person 65 or over	3%
Couple, dependent child(ren)	36%
Lone parent households*	10%
Parent(s), grown child(ren)	17%
Other all-adult, under 65	18%
Other all-adult, 65+	6%
Total	**100%**

(source: ESRI 2003)

*This category actually consists of 'other households with at least one child under 18' but the vast majority of these households are lone parent households; hence it is described this way. Please see the Appendix for full definitions of each household type.

The most important household types in South Dublin County are couples with dependent children, parents with grown children and other all-adult households, where all members are aged under 65.

Looking in more detail at these household types, the following table gives a breakdown of each household type by household income, again for South Dublin County as a whole.

Table 2.2: Breakdown of Household Types by Household Income in South Dublin County

	INCOME CATEGORY				
HOUSEHOLD TYPE	**Under €171 per week (%)**	**€171-€266 per week (%)**	**€267-€355 per week (%)**	**€356-€476 per week (%)**	**Over €476 per week (%)**
One person under 65	*	*	*	*	*
One person 65 or over	*	*	*	*	*
Couple, dependent child(ren)	5%	22%	28%	27%	18%
Lone parent households	39%	22%	23%	11%	5%
Parent(s), grown child(ren)	5%	12%	21%	29%	33%
Other all-adult, under 65	3%	6%	10%	11%	70%
Other all-adult, 65+	26%	39%	22%	3%	10%
All South Dublin County Households (Total Households = 73,516)	**11%**	**16%**	**20%**	**21%**	**32%**

(source: ESRI 2003 and Government of Ireland, 2003a)

*There were too few cases in the sample to provide a reliable estimate.

For example, 70% of 'other all-adult households with members aged under 65' have a household income of over €476 per week. Only 3% of such households fall into the lowest income category. Overall, it can be seen that lone parent households and other, all-adult households with members aged 65+ are on the lowest income in the County. Households composed of parents with grown children, and especially other, all-adult households with members aged under 65, are on the highest income in the County.

Focussing on local authority tenants, South Dublin County Council accommodates about 7,500 households, containing about 29,500 persons (according to the Rents Database, as at February 2004). The following table compares their household income with that of South Dublin County Residents overall.

Table 2.3: Breakdown of South Dublin County Residents and South Dublin County Council Tenants by Income

Household Income	**Overall South Dublin County %**	**South Dublin County Council Tenants %**
Under €171 per week	11%	50%
€171 – €266 per week	16%	16%
€267 – €355 per week	20%	23%
€356 – €476 per week	21%	9%
Over €476 per week	32%	2%
Total	**100%**	**100%**

(source: ESRI 2003)

While 11% of residents of the County in general fall into the lowest income bracket, 50% of the Council's tenants do. Conversely, while 32% of residents of the County fall into the highest income category, only 2% of the Council's tenants do. These results are not surprising, given the Council's duty to house people on low incomes.

Looking at the economic status of householders, there is a sharp contrast between residents of the County generally and South Dublin County Council tenants.

Table 2.4: Economic Status of Householder*, South Dublin County Residents and South Dublin County Council Tenants

Economic Status	Overall South Dublin County %	South Dublin County Council Tenants %
At work	80%	56%
Unemployed	2%	8%
Retired	10%	7%
Home Duties	7%	27%
Student	0%	0%
Other	1%	2%
Total	**100%**	**100%**

(source: ESRI 2003)

*The householder is the person responsible for the accommodation or the older of several persons equally responsible

The vast majority of 'householders' in the County work (80%) whereas only 56% of 'householders' renting from South Dublin County Council do. Many more 'householders' renting from the Council are engaged in home duties (27%) and are unemployed (8%) compared to the County overall (7% and 2% respectively).

So far, the analysis has focussed on residents of the County and tenants of South Dublin County Council and on the differences between them. There also are significant differences between local authority renters and private sector renters[i].

According to Census 2002, there are 4,815 households, containing 14,625 persons, renting in the private sector in South Dublin County (Government of Ireland, 2003b).

The following table illustrates the major difference in rent paid between local authority renters and private sector renters.

Table 2.5: Weekly Local Authority and Private Sector Rent in South Dublin County

Weekly Rent (euro)	Local Authority Renters	Private Renters
Under €15	28%	6%
€15 – under €25	18%	0%
€25 – under €50	23%	2%
€50 – under €125	30%	3%
€125 – under €250	1%	37%
€250+	0%	52%
Total	**100%**	**100%**
Median € per week	**€29**	**€254**

(source: ESRI 2003)

These results are striking in that they show how much more rent private sector tenants pay than local authority tenants. The median rent figures summarise this situation well. This is the 'middle value', half of the values are below the median and half are above it. So half of South Dublin County Council tenants pay rent of less than €29 per week and half pay rent above this cut-off point. But half of private tenants pay rent of less than €254 per week and half pay rent above this. In fact, from the table it can be seen that no local authority tenants pay rent above €250 per week. Again, these results are not entirely surprising given that this tenure caters predominantly for low-income households.

The ESRI (2003) report also examines measures of affordability – looking at housing costs relative to income. The indicator used is as follows: Does the household spend more than 1/3 of total net income on mortgage or rent payments? The ESRI argue that while this is a rough indicator of housing affordability, it is widely used. For example, banks often check if mortgage repayments exceed 1/3 of net household income. Overall, 9% of South Dublin County households spend more than 1/3 of total net income on rent or mortgage payments. On the other hand, while 28% of private renters are in this position, only 2% of South Dublin County Council renters are. The ESRI point out that the 2% of South Dublin County Council renters probably reflects transitional situations where household income has fallen but rent has not yet been adjusted to reflect this.

So far, local authority tenants have fared well where housing affordability is concerned. You would expect this, given that rent levels are set in accordance with household income. However, if other affordability measures are examined, South Dublin County Council tenants do not fare as well. The following table summarises their position.

Table 2.6: Summary Table: Average number of items lacking and Percentage of households experiencing financial strain by selected household characteristics

	More than 1/3 of income on housing costs (renters and purchasers)	Average number appliances lacking in the home	Average number of goods and services cannot afford	'Housing costs a heavy burden'	Arrears on housing or utility bills	'Great difficulty' in making ends meet
Local authority renter	2%	1.3	3.4	42%	41%	32%
Private renter	28%	0.4	0.8	12%	2%	5%
All South Dublin County Households	**9%**	**0.3**	**0.8**	**13%**	**6%**	**6%**

(adapted from ESRI 2003 p.41)

The first measure, 'more than 1/3 of income on housing costs' was discussed above. This indicator excludes people who own their property outright or live in it rent-free.

The next two measures are deprivation indicators. Deprivation is 'enforced' when the household does not possess the item and would like to, but cannot afford it (ESRI, 2003). 'Average number appliances lacking in the home' is especially true of the following appliances: dishwasher, clothes dryer and home computer. On this measure, South Dublin County residents as a whole only lack 0.3 items on average. Private renters lack an average of 0.4 items but local authority tenants lack an average of 1.3 items. 'Average number of goods and services cannot afford' refers to such items as replacing worn furniture, having one week's holiday per year, socialising once a month and owning a car or van. On this measure, overall, South Dublin County residents lack 0.8 items on average. Private renters also lack an average of 0.8 items. However, local authority tenants lack an average of 3.4 items.

The final three indicators are measures of financial strain. Overall, 13% of South Dublin County residents find housing costs to be a heavy burden. 42% of local authority renters find this to be the case. Only 12% of private renters find housing costs to be a heavy burden, even though their weekly rent was seen to be many times higher than local authority renters. This points to a much higher household income amongst private renters generally. 6% of South Dublin County residents were in arrears at some time in the last year on housing or utility bills. This is true of 2% of private renters. However, 41% of South Dublin County Council renters were in arrears on housing or utility bills in the last year. Finally, 6% of South Dublin County residents report 'great difficulty' in making ends meet. 5% of private renters do but the figure for local authority renters is 32%.

As the ESRI (2003) argue, on all the measures (except the proportion of income spent on rent or mortgage), local authority tenants emerge as disadvantaged, when compared with private renters and residents of South Dublin County overall. They are likely to lack a greater number of household appliances and other goods and services. They are the most likely to have experienced arrears on housing or utility bills and many find housing costs to be a heavy burden. Even though their rents are much lower than those paid by private renters, South Dublin County Council tenants still experience difficulty in paying their housing and other expenses. The following chapter looks at the treatment of tenants by South Dublin County Council more closely. In particular, the treatment of different groups in the differential rent scheme will be examined and compared with their treatment by the other Dublin local authorities.

[i] It should be noted that this report does not comprehensively examine the position of private renters in South Dublin County. The report is primarily concerned with South Dublin County Council tenants. Some statistics on private renters are included to compare their situation with that of South Dublin County Council tenants. While private renters generally are in a more favourable position than local authority renters (see Table 2.6), obviously there are low-income households in this housing tenure also. Many such households are in receipt of rent supplement, which is administered by the Health Boards. The Department of Social and Family Affairs funds this scheme. Minister Mary Coughlan has recently (July 2004) announced a new initiative in line with the Government's Housing objective under the National Anti-Poverty Strategy. Local authorities are to assume responsibility for meeting the long-term housing needs of households dependent on rent supplement for 18 months or longer. This initiative will not involve payment of rent allowances to tenants. Rather, the local authority response will be accommodation-based e.g. involving long-term arrangements with the private rented sector (per Department of Social and Family Affairs website).

Chapter 3

Treatment of Different Groups under the South Dublin County Council Rent Scheme

The current South Dublin County Council Differential Rent Scheme came into effect on 1st January 2003 (see Figure 3.3). This scheme is being used for 2004 also. The scheme will be reviewed later this year. Tenants' rent is calculated in accordance with this scheme and rent amounts depend on tenants' income. The Council assesses tenants' rent by requesting each household to submit up to date information about who is living in their house and how much income each person receives. This process is called a 'Rent Review'. The annual Rent Review began on 1st January 2004 and is still ongoing. All tenants were asked to return a rent assessment form together with all household income details (see Figure 3.1 and 3.2). If the household circumstances change during the year, tenants must inform the Rents Section with supporting documentation so that their rent can be adjusted accordingly.

Figure 3.1: Letter sent to Tenants in January 2004 for Annual Rent Review

7th January 2004

DIFFERENTIAL RENT SCHEME – 2004

Dear Tenant(s),

The 2004 Rent Review is effective from 1st January 2004.

Enclosed with this letter you will find a Rent Assessment form. This form should be completed and returned according to the instructions provided to the Council's Rent Assessment Section in the enclosed pre-paid envelope no later than 31st January 2004. The Housing Department will be pleased to provide any help you may require in completing your form.

By informing us of any change in the household income you will ensure that your rent is correctly assessed.

Failure to do so may result in Rents being overcharged or undercharged

HOW IS YOUR WEEKLY RENT CALCULATED?

The important questions for every tenant are the following:

1. How many people in your house receive an income, either from Social Welfare payments, employment or any other source?
2. The Principal Earner is the person who is in receipt of the highest assessable income. Approximately 10% of this income will be due to the Council as rent.
3. The assessable income of the Principal Earner will be reduced by €1 per dependent child.
4. How many other people in the house are receiving an income? These people are referred to as Sub-Earners. Each of these people will have to pay **€12.00** towards the rent each week.

Therefore your weekly rent is based on the income of the Principal Earner plus **€12.00** from each person receiving income and living in the house.

Please find below an example of how rent is calculated.

(continued overleaf)

Example: 2 adults and 2 children in the household.
Principal earner in the household in employment earning €150 net after Tax and PRSI according to P.60 for year ending 31/12/2003.
Weekly rent charge based on this income = **€15.30**.
Sub earner in the household in receipt of €140 per week.
Rent charge based on this income = €12.00.
Total weekly rent =**€27.30**.

If your household circumstances change at any time during the year, please contact us in the Rents Section, so that we can make the appropriate adjustments to your rent. You are reminded that you must inform the Council of any changes in income or family circumstances. The Council bears no liability for any arrears applied as a result of non-disclosure of information.

For help and advice on any of these matters, please contact the Telephone Number **4149292 in Tallaght** or Telephone Number **4149381 in Clondalkin**, and one of our Rents staff will be happy to assist you.

Yours faithfully,
Hugh Pierce, Administrative Officer

Figure 3.2: Current Rent Assessment Form

SOUTH DUBLIN COUNTY COUNCIL
Section 61, Housing Act 1966.
Rent Assessment Form

SOUTH DUBLIN COUNTY COUNCIL,
Housing Department,
Rent Assessment Section,
P.O. Box 4122,
County Hall, Town Centre,
Tallaght, Dublin 24.
(Freefone Tel. No. 1800 703 703/ Tel. No. 414 9292)
Hrent@sdublincoco.ie

(PLEASE READ CAREFULLY THE NOTES BELOW BEFORE COMPLETING THIS FORM)

- **If you are in employment:**
  Please attach **P60/P21** or the last payslip for year ending **31/12/2003**, plus a **current payslip**.
- **If you are in receipt of Social Welfare:**
  Please attach a copy of your **current claim book** or a **current payment receipt**
- **If you are self-employed:**
  Please submit satisfactory documentary evidence of your income

Please note that details of all incomes should be entered for all persons residing in the house
Where a member of the household is over **18 years of age** and is in full-time education, a letter from the relevant school or college must be submitted confirming this.

Before returning this form please:

- **Check that all details have been entered correctly**
- **Check that all required documents detailed above are attached**
- **SIGN THE FORM and give your telephone number**

If there is anyone omitted please include his or her details under **"Additional Occupants"**.
If anyone has left the house, you must submit **satisfactory documentary evidence of their new address** to include rent-book, Lease, utility bill, evidence from Social Welfare of their new address.

IF YOU DO NOT RETURN THIS FORM THE COUNCIL MAY ASSUME AN INCOME AND ASSESS YOUR RENT BASED ON THE ASSUMED INCOME

Name of Tenant(s): ______________________

Address: ______________________

____

____

Property No: P

DR No: **DR**

Area:

Tenancy No: **D**

Note: This information is required to enable the Council to correctly assess the rent due under the Differential Rent Scheme. It is in your interest to complete this form and supply the relevant documentation.

Please ensure that you sign and date this form in the appropriate place and provide a telephone number where possible to assist with further queries.

Full Name	**Sex**	**Date of Birth**	**PPS No/RSI No.**	**Social Welfare Authorisation SIGNATURE**	**Social Welfare Income Amount/Type**	**Employment/Self Employment Income (amount) & TYPE**	**Copy Social Welfare book or receipt**	**P60/P21 year ending 31/12/2003 AND Current payslip**
				*	€	€		
				*	€	€		
					€	€		
					€	€		
					€	€		
					€	€		
					€	€		
					€	€		
					€	€		
					€	€		

I/We certify that the information supplied is complete and correct and that all residents and all incomes in the dwelling are recorded.

Signature(s) of Tenant(s): ______________________

Phone Number: ______________________ **Date:** ______________________

Email Address; ______________________

If you are over 18 years of age and sign above at * you may authorise S.D.C.C. to check you social welfare details using your PPS/RSI Number

Figure 3.3: Current South Dublin Council Differential Rent Scheme

COMHAIRLE CHONTAE ATHA CLIATH THEAS

Record of Executive Business and Manager's Orders

SOUTH DUBLIN COUNTY COUNCIL DIFFERENTIAL RENT SCHEME 2003.

(1) Circular Letter HRT 3/2002 from the Department of the Environment placed the responsibility on individual housing authorities for making and amending rent schemes in respect of local authority dwellings. It is now proposed to amend the current rent scheme which was introduced with effect from 27th October 2001 (Managers Order Number HSREVS/183/01) and that the following revised rent scheme be implemented in respect of all Council rented tenancies with effect from **1st January 2003**

(2) Commencement Date

This Scheme will apply with effect from **1st January 2003**

(3) Calculation of Rent

The rent of dwellings let on Differential Rent will in all cases be calculated on the basis of current income.

The rent attributable to the Principal Earner will be calculated in accordance with the table attached to this Scheme, which provides for a lesser amount being payable for each dependent child in residence.

Note: This table, outlining the rent due from the principal earner, has not been included in this report as it runs to 12 pages. The table sets out a schedule of incomes and corresponding rents and displays deductions from rent in respect of each dependent child. The contribution due from the principal earner works out at 10% of assessable income plus fifty cent. The assessable income of the principal earner is reduced by €1 per dependent child.

The reduction for dependent children may only be made in respect of each child of 18 years or under not in receipt of any income, or who being under 23, is attending a full time course of education and is wholly or mainly maintained by the principal earner.

After the rent payable in respect of the principal earner has been assessed, one fifth of the income of each subsidiary earner which exceeds €60 will be added (maximum weekly amount of rent attributable to each subsidiary earner is €12.00).

In determining rent in the case of a new or transferred tenancy, assessable income will be reckoned by reference to the income situation of the family at the date of letting.

(4) Principal Earner

The Principal Earner is the person who is in receipt of the highest assessable income.

(5) Subsidiary Earner

A subsidiary earner is a member of the household, other than the principal earner, who has an income.

(6) Assessable Income of an Employed Person

The assessable income of an employed person is, in general, the average weekly wage. Overtime payments, shift allowances, bonuses, commission, etc., are included in the calculation of rent.

In the case of self-employed persons, income will be determined on the basis of the submission of satisfactory documentary evidence.

(7) Assessable Income of Principal Earner

The assessable income of the principal earner is his/her income in full reduced by employee pay related social insurance contributions (where payable) and any income tax payable on such income.

(8) Income from the following sources is assessed in full for rent purposes:

(a) Income from employment, including self-employment.

(b) All social insurance and social assistance payments, allowances and pensions, health board allowances and FÁS training allowances.

(c) Income from any pensions or other sources not included at (a) or (b) above including approved / agreed maintenance payments from another person.

(9) Income from the following sources is disregarded:

(a) Child Benefits, Orphans Allowances, Orphans Pensions payable under the Social Welfare (Consolidation) Act of 1981 and any other Social Welfare Allowances payable to children under 18.

(b) Scholarships, Higher Education Grants.

(c) Allowances payable under the Boarding out of Children Regulations 1954.

(d) Allowances for domiciliary care of handicapped children under the Health Act 1970.

(e) Any increase in income accruing to a member of a household as a result of the payment of a Carer's Allowance.

(f) Allowances or assistance received from any charitable organisation.

(g) Living Alone Allowance for people aged 66 or over, payable under certain categories of Social Welfare income.

(h) Extra Allowance for people aged 80 or over payable under certain categories of Social Welfare income.

(i) Dietary and mobility allowances paid by the Health Board.

(j) Fuel Allowance.

(k) Court approved maintenance payments to another person.

(l) The first €60 of any full-time student who has an income will be disregarded for rent assessment purposes.

(10) Community Employment Programme

Where a tenant transfers from receipt of Unemployment Benefit/Assistance or One-Parent Family payment to receipt of payment under the Community Employment Programme, the rent of that tenant shall, following the submission of a certificate from the sponsor, be assessed at the appropriate rate of Social Welfare benefit for such period as the tenant continues to be the principal earner in the household.

(11) Back to Work Allowance Scheme

Where the income of a tenant is increased as a result of his/her participation in the Back to Work Allowance Scheme, the rent of that tenant shall be assessed at the appropriate rate of Social Welfare benefit for such period as the tenant continues to be the principal earner in the household. This provision will apply only where the combined gross income from the Back to Work Allowance Scheme and employment / self-employment does not exceed €317.43 per week and for a period not exceeding three years.

(12) Area Partnerships

The rent of any tenant who is certified by an Area Partnership as participating in an approved Area Allowance Scheme shall not be increased solely as a result of such participation for a period of twelve months from the commencement date.

(13) Maintenance

Where a person provides documentary proof i.e. legally binding written agreement / deed/court order, that he or she is paying a periodic sum of money to another person as a separated spouse or partner, then the Housing Authority will deduct this sum of the income of the person being assessed for rent. Where a person is in receipt of a periodic sum which is being paid to him or her as a separated spouse or partner of another person, then the Housing Authority will take that sum into account as part of that persons income for the purposes of rent assessment. Evidence of payment may be required.

(14) Minimum Rents

A minimum rent of €12.00 will apply in respect of all rented dwellings.

(15) Changes in Income or Family Circumstances

The tenant should immediately notify the Council's Rent Assessment Section of any change in income or family circumstances.

It should be noted that where the Council specifically requests the return of particular income details, it reserves the right in the event of failure on the part of a tenant to supply that information to assume an income for the purposes of rent assessment.

(16) Hardship

Where payment of a rent calculated in accordance with this Scheme would give rise to hardship, the Council may agree to accept a lesser sum from a tenant for a specified period.

The following three fictional examples demonstrate how rent is assessed for tenants in different financial and family circumstances.

EXAMPLE 1: LONE PARENT HOUSEHOLD

Income Details

Laura is a lone parent. She has one child, Sam, who is six. Laura works part-time but because her earnings are low, she is entitled to the full rate of One Parent Family Payment (OPFP). Laura has a net income of €300 per week from employment and One Parent Family Payment. She is also entitled to a Family Income Supplement of €64.20 per week. This is 60% of the difference between Laura's net income, €300 and the income limit for a family with one child, €407 (per Department of Social and Family Affairs website). Laura receives Child Benefit of €131.60 per month in respect of Sam – this works out at €32.90 per week. In total, Laura has a weekly net income of €397.10.

Rent Assessment

While €397.10 is Laura's total weekly income, the Child Benefit payment is disregarded for rent assessment. This means that Laura's assessable income is €364.20 per week. As Laura has one dependent child, her assessable income is reduced by one euro, to €363.20 per week.

The contribution due from the principal earner is 10% of assessable income plus fifty cent. Laura's weekly rent is therefore €36.82 per week; this is rounded down to €36.80 per week.

EXAMPLE 2: DUAL INCOME COUPLE WITH CHILDREN

Income Details

Bob and Michelle are married, with two children, Clodagh (19) and Liam (10).

Bob works full-time and earns €450 net per week. Michelle works part-time and earns €150 net per week. Clodagh is a full-time student but has a net income of €90 per week from her part-time job and partial Higher Education Grant. The family receive Child Benefit of €32.90 per week in respect of Liam only. In total, this family have a weekly net income of €722.90.

Rent Assessment

As before, the Child Benefit payment is disregarded for rent assessment. Full-time students may earn up to €120 per week before a rental contribution is sought (i.e. €60 as a subsidiary earner plus an additional €60 as a student). Scholarships/Higher Education Grants are automatically disregarded. Therefore, Clodagh's income is not assessed for rent.

Bob is the principal earner in this household. His assessable income (€450) is reduced by €2 in respect of two dependent children. Therefore, his rent contribution is assessed at 10% of assessable income plus fifty cent, on the amount €448. He owes €45.30 rent per week.

Michelle is the subsidiary earner in this household, earning €150 net per week. She owes 1/5 of her income exceeding €60 to a maximum of €12 weekly. This works out at €18, but her contribution is capped at €12 weekly.

Overall, this family pay rent of €57.30 per week (€45.30 + €12).

EXAMPLE 3: OLDER PERSON AND HER CARER

Income Details

Margaret (70) lives with her niece, Catherine (40) who cares for her on a full-time basis. Margaret has a combined net income of €400 per week, from her Old Age Contributory Pension and occupational pension. She also has savings of €15,000 in the credit union. Formerly, Catherine was on Unemployment Benefit (€134.80 per week) but switched to Carer's Allowance (€139.60 per week) when Margaret's health deteriorated. In total, Margaret and Catherine have a weekly net income of €539.60.

Rent Assessment

Margaret is the principal earner in this household. Her credit union savings are not assessed for rent. Her rent contribution is 10% of assessable income plus fifty cent, on the amount €400. This works out at €40.50 rent per week.

Catherine is the subsidiary earner in this household. The increase in income (€4.80 per week) that Catherine received when she switched to Carer's Allowance is not assessed for rent. Her assessable income is therefore €134.80 per week. She owes 1/5 of her income exceeding €60 to a maximum of €12 weekly. This works out at €14.96, but her contribution is capped at €12 weekly.

Overall, Margaret and Catherine pay rent of €52.50 per week (€40.50 + €12).

The above examples should give an idea of the varying types of households accommodated by South Dublin County Council. The concept of poverty proofing is examined in the next section.

Poverty Proofing

Government guidelines (1999) define poverty proofing as *the process by which government departments, state agencies and local authorities assess programmes and policies at design and review stages regarding the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction.* According to the Combat Poverty Agency (2004), poverty proofing involves arriving at a statement about the impact of a policy on groups in and at risk of poverty following a systematic analysis.

The revised National Anti-Poverty Strategy, *Building an Inclusive Society*, (2002) identifies the following 'vulnerable groups': children and young people, women, older people, Travellers, disabled people and migrants and ethnic minorities. The following table details how these groups are treated under South Dublin County Council's Differential Rent Scheme.

Table 3.1: Treatment of Different Groups under the South Dublin County Council Differential Rent Scheme (including items disregarded for rent assessment)

Dependent Children	Subsidiary Earners	Students	Carers	Older People	Disabled People	Families	Self-Employed	Travellers	Migrants / Ethnic Minorities
Assessable Income of Principal Earner reduced by €1 per dependent child. Following are disregarded: • Children's & Orphans Allowances. • Allowances for Fostering Children. • Allowances for domiciliary care of disabled children. • Any other social welfare allowances payable to children under 18.	Contribution towards rent of 1/5 of income exceeding €60 to a maximum of €12 weekly. 'Subsidiary earner' is gender neutral. The person in receipt of the highest income in the household is the principal earner; subsidiary earners are other household members with an income.	Contribution towards rent of 1/5 of income exceeding €120 to a maximum of €12 weekly (full-time students). Scholarships & Higher Education Grants disregarded.	Any increase in income resulting from payment of Carer's Allowance is disregarded.	The following payments are disregarded: • Extra Allowance for people 80+, payable under certain categories of social welfare income. • Living Alone Allowance. • Fuel Allowance. (**Note:** DSFA pays the latter two allowances to other groups also; SDCC disregards them across the board).	Dietary and mobility allowances paid by the Health Board are disregarded. Disability Allowance disregarded for long-term recipients.	Court approved maintenance payments to another person are disregarded (they are assessed if received). Christmas Bonus social welfare payments and 'once off' Supplementary Welfare Allowance payments e.g. Exceptional Needs Payments and Back to School Clothing and Footwear Allowance payments are not assessed.	Assessable income (and consequently rent amount) is determined from documentary evidence submitted. Where this evidence is not supplied, Net Income is assumed – assumed net incomes differ for different occupations e.g. different incomes are assumed for taxi drivers and window cleaners.	Travellers in mainstream local authority housing and in group housing fall under the standard Differential Rent Scheme. (Travellers living on halting sites pay a flat weekly charge per bay. The Traveller Accommodation Unit was reviewing this charge at the time of writing this report).	Those in mainstream local authority housing fall under the standard Differential Rent Scheme.

Note: Allowances or assistance received from any charitable organisation is disregarded for all those in receipt of it.

In order to compare South Dublin County Council with the other three Dublin local authorities, copies of all Differential Rent Schemes for 2003 and 2004 were obtained. Comparisons were made on the basis of what was formally written down in each scheme. Generally speaking, South Dublin County Council compares favourably with the other Dublin local authorities in its' treatment of different groups represented in Table 3.1.

Where **children** are concerned, all four Dublin local authorities disregard the same three allowances. However, the authorities differ somewhat in their definition of 'dependent child' and in the amount of deduction made from the principal earner's income in respect of them. South Dublin County Council comes out on the generous side, regarding under-18s without an income and full-time students, wholly or mainly maintained by the principal earner and aged under 23, as dependent children. As can be seen from the table, the principal earner's income is reduced by €1 for each dependent child. Fingal County Council on the other hand, does not make such a deduction for dependent children. While all four disregard scholarships and higher education grants, only South Dublin County Council and Dun Laoghaire-Rathdown treat **students** as a special kind of subsidiary earner and allow them to earn more before seeking a rental contribution. From the table, it can be seen that South Dublin County Council allows full-time students to earn €120 per week. Where a student earns the bulk of their money over the summer holidays, the Rents Section averages this income over 52 weeks, which keeps many students under the threshold.

All four local authorities use a similar formula to calculate the rental contribution due from **subsidiary earners** – x% of income above a certain threshold to a maximum of €y. In reality, these calculations are often obsolete, as income tends to exceed the threshold. Mostly, subsidiary earners tend to pay the maximum contribution i.e. in South Dublin County Council's case; the majority of subsidiary earners pay a contribution of €12 each per week towards rent. The maximum contribution in Dun Laoghaire-Rathdown is also €12 and in Dublin City Council it is €13. However, to be a subsidiary earner in Dun Laoghaire-Rathdown, you must be engaged in full-time employment. Dublin City Council takes a maximum of €39 from all subsidiary earners in any given household. Arguably, Fingal County Council has the fairest system for assessing subsidiary earners. Different formulas and different maximum contributions are applied, depending on whether subsidiary earners earn less or more than a threshold of €200.

Only South Dublin County Council and Dun Laoghaire-Rathdown disregard any increase in income as a result of the payment of **Carer's** Allowance for rent assessment. The Carer's Allowance is a means-tested payment for carers on low incomes who live with and look after certain people who need full-time care and attention (DSFA, 2003). Where older people are concerned, South Dublin County Council disregards the most allowances. Fingal County Council doesn't disregard any of those listed under 'older people' in Table 3.1; Dublin City Council only disregards Fuel Allowance and Dun Laoghaire-Rathdown only Living Alone Allowance. As mentioned above, the Department of Social and Family Affairs pays the latter two allowances to a wider range of people than just older people – they are represented in the table in this way just for convenience.

Where **disabled people** are concerned, South Dublin County Council compares favourably with the other local authorities. No other local authority disregards dietary and mobility allowances paid by health boards. Only South Dublin County Council and Dun Laoghaire-Rathdown disregard Disability Allowance. This is a weekly allowance paid to disabled people who are aged between 16 and 66. The impairment must be expected to last at least one year and the allowance is subject to both medical suitability and a means test (DSFA, 2003). Dun Laoghaire-Rathdown disregards Disability Allowance paid to subsidiary earners; this exact wording appeared in older Dublin County Council rent schemes and also in South Dublin County Council rent schemes until recent years. The current treatment of Disability Allowance in South Dublin County Council is not formally written into the rent scheme. In practice, decisions are made on a case-by-case basis. Disability Allowance can be disregarded for any household member provided that the person is a long-term recipient of the payment. The Rents Section does not assess the payments of those not capable of working e.g. when a disabled child whose family received a domiciliary care allowance for him/her goes straight onto Disability Allowance at 16.

South Dublin County Council's treatment of **families** is also outlined in the above table. Again, South Dublin County Council compares reasonably well with the other local authorities. South Dublin County Council is the only local authority to explicitly set down the position with regard to maintenance payments. It is likely that the other local authorities do not assess 'one-off' payments such as those listed either – however, only Dublin City Council formally states that Christmas bonus social welfare payments are not assessed. Only Dun Laoghaire-Rathdown disregards Family Income Supplement. Some years ago, Dublin County Council disregarded a portion of FIS payments. Sometimes, rent for a particular family can be calculated in different ways. In such cases, South Dublin County Council calculates the rent in the way that works out more favourably for the tenant. For example, say a tenant was in receipt of a social welfare payment for himself, which included a qualified adult allowance in respect of his wife and an allowance in respect of each child. This would all be regarded as principal earner's income and is assessed as such because this tends to work out in the tenants' favour.

Where **self-employed** people are concerned, all four local authorities follow the same procedure. Assessable income and rent due are determined from documentary evidence supplied. In their written rent scheme, Fingal County Council and Dublin City Council state the incomes they will assume for different categories of self-employed person, if satisfactory documentation is not received. While South Dublin County Council has not formally written 'assumed net incomes' for self-employed people into the current rent scheme, in practice since January 2003, it uses the amounts given in the following table.

Table 3.2: Assumed Net Incomes for Different Categories of Self-Employed People (used when satisfactory documentary evidence is not submitted) in South Dublin County Council

Occupation	Assumed Net Income (weekly)
Taxi Drivers – Licence Plate Owners	€500
Hackney Drivers & Cosy Drivers	€400
Tradesmen	€450
Other Business e.g. window cleaners	€400

South Dublin County Council has lower assumed net incomes than Fingal County Council or Dublin City Council.

Employment Support Schemes

As was outlined in the first chapter of this report, the Department of Environment, Heritage and Local Government has set down guidelines on rent schemes for local authorities. These guidelines set down broad principles to be followed but allow plenty of scope for individual local authorities to determine their own rent scheme. Local authorities have had the power to do this since 1986; the most recent departmental guidelines were issued in 2002. In addition to these guidelines, the Department has issued several circulars requesting local authorities not to assess increases tenants receive as a result of participating in the following three schemes: Community Employment Programme, Back to Work/Back to Work Enterprise Allowance Schemes or Area Partnerships (set out in Circulars 12/94, 5/94 and 6/92 respectively).

South Dublin County Council and Dun Laoghaire-Rathdown follow the departmental guidelines closely where **Community Employment** is concerned: *'local authorities are requested to arrange that, where tenants' income is increased as a result of participation in the Community Employment programme, their differential rent is not increased as a result'* (HRT 12/94). Fingal County Council had adopted the same approach until 2004; now, rent shall not be increased by more than €8 per week for a total period of 12 months. Dublin City Council does not formally outline their approach to Community Employment in their written rent scheme. In practice, the full increase is disregarded in year one, 75% of the increase is disregarded in year two and 50% of the increase is disregarded in year three.

The **Back to Work Allowance** (BTWA) is a weekly payment for long-term unemployed people (includes recipients of a wide range of payments including one-parent family payment and disability benefit) who take up approved employment. It allows you to retain a percentage of your unemployment payment for 3 years. The Back to Work Enterprise Allowance (BTWEA) is a weekly payment for long-term unemployed people who set up their own business. It allows you to retain a percentage of your unemployment payment for 4 years (DSFA, 2003). Where Back to Work/Back to Work Enterprise Allowance is concerned, again South Dublin County Council and Dun Laoghaire-Rathdown follow the departmental guidelines very closely (HRT 5/94). That is, rent is not increased for 3 years for tenants on BTWA and for 4 years for tenants on BTWEA so long as the combined income from the Back to Work Scheme and employment/self-employment does not exceed €317.43 per week for the individual. This cut-off point is also given in the Department of Social and Family Affairs, *Guide to Social Welfare Services*, as the income level below which secondary benefits, including variable local authority rents, can be retained[ii]. Again, Fingal County Council followed the same approach until 2004; now, rent is not increased for 12 months for tenants on Back to Work Allowance so long as the combined income from the Back to Work Scheme and employment/self-employment does not exceed €335 per week. Dublin City Council treat BTWA in the same manner as the Community Employment scheme, described above.

Finally, South Dublin County Council and Dun Laoghaire-Rathdown treat participants in **Area Partnership** schemes in the same way, *'The rent of any tenant who is certified by an Area Partnership as participating in an approved*

Area Allowance Scheme shall not be increased solely as a result of such participation for a period of twelve months from the commencement date' (South Dublin County Council Rent Scheme 2003). Again, this follows exactly from departmental circular HRT 6/92. Dublin City Council does not make reference to Area Partnerships in their written rent scheme. Again, Fingal County Council have recently changed their procedure in this regard. Prior to 2004, they treated such tenants in the same way as South Dublin County Council and Dun Laoghaire-Rathdown. From 2004, participants in Area Partnership schemes won't have their rent increased by more than €8 per week for a period of 12 months.

In addition to the above disregards, some local authorities also make allowances for tenants working in a **Social Economy** enterprise or in a **Job Initiative** (JI) scheme. Fingal County Council now treats tenants participating in Community Employment, Social Economy, Area Partnerships and Job Initiative schemes in the same manner – rent will not be increased by more than €8 per week for a period of 12 months. In addition to the 'mandatory' disregards as outlined above, from 2004 Dun Laoghaire-Rathdown will not increase the rent of a tenant who is an employee of a Social Economy enterprise for 3 years.

To conclude, South Dublin County Council very much adheres to the requirements of the Department of Environment, Heritage and Local Government regarding the treatment of employment support schemes. On the other hand, Fingal County Council has taken an innovative approach in this area. Their approach has merit in that it is more straightforward for tenants. However, it could also be argued that, for example, Community Employment and Job Initiative are qualitatively different schemes. Community Employment is a part-time scheme on which participants retain their full secondary benefits and which operates on a year-to-year basis. Employment under the Job Initiative scheme is on a full-time basis for 3 years, with considerably higher income levels and without an entitlement to retention of full secondary benefits. It could be argued that it is better to favour lower-paid tenants (including tenants on Community Employment and on BTWA/BTWEA who fall under the income cut-off) by disregarding their increase for a number of years, rather than capping the amount of increase in rent for one year for all tenants participating in employment support schemes. The following chapter looks at recommendations around the rent scheme in more detail.

[ii] It should be noted that the DSFA treats this €317.43 gross weekly cut-off in a different way. Since 2000, secondary benefits (including variable local authority rents) can be retained providing **household** income is under this cut-off point. Household income includes spuse/partner's income but allows for PRSI and reasonable travel expenses. **Income from Back to Work Allowance (BTWA) and Family Income Supplement (FIS) is not taken into account for the purpose of the €317.43 weekly income limit** (DFSA website and confirmed by phone call). As there appears to be a discrepancy between the Dublin local authorities and the DSFA regarding this cut-off point, this warrants further investigation.

Chapter 4
Recommendations

The main features of South Dublin County Council's rent scheme were outlined in the first chapter. It was shown that as a 'rent schedule' rent scheme, the scheme is basically sound in that it does not contribute to poverty traps. The rent percentage of approximately 10% of principal earner's assessable income is fair and is easy to administer by staff and understand by tenants. When compared with the other Dublin local authorities, the minimum rent of €12 in South Dublin County Council also seems fair and straightforward for tenants.

As has been already mentioned, in the course of doing this Review, the rent schemes of the four Dublin local authorities were compared. In addition, meetings were held with South Dublin County Council Housing staff, in particular staff from the Rents Section, several of the Housing Inspectors (included accompanying Inspectors on visits to tenants) and the Housing Welfare Officer. Drawing on these sources and on the short tenant profile, a number of recommendations are made that should further enhance the rent scheme as operated within South Dublin County Council. These recommendations fall under three broad areas:

1. **Content of the Rent Scheme**
2. **Rent Collection and Arrears**
3. **Provision of Information about the Rent Scheme**

1. Content of the Rent Scheme

Treatment of Different Groups

Subsidiary Earners

There may be scope for increasing the amount of rent paid by subsidiary earners. As was seen in the short tenant profile, households composed of parents with grown children were among those on the highest income in the County. The Limerick City Council study (2002) suggested abolishing the maximum contribution from subsidiary earners or increasing the amount of contribution from second or subsequent subsidiary earners. These ideas have merit; especially considering how much more people would have to pay if they sought private rented accommodation or had to pay a mortgage. Given that the underlying principle behind the scheme is tenants paying what they can afford, if they earn more, they should pay more. There are a number of difficulties with attempting to do this, however:

- There is the issue of how household income is distributed. Just because individuals in a household are in receipt of income, does not mean that, for example, partners hand it over to the other partner, or children hand money up to their parents.

- Furthermore, such moves are likely to worsen the problem of subsidiary earners not declaring income or not registering as members of the household.

- As was seen previously, in Fingal County Council, different formulas and different maximum contributions are applied, depending on whether subsidiary earners earn less or more than a threshold of €200. The problem with this formula is that for a small number of subsidiary earners crossing this income threshold, it would create a type of 'poverty trap'. The following example illustrates this point:

The formula for assessing subsidiary earners in Fingal County Council is as follows; (a) Where income is less than or equal to €200 per week, the rent contribution is calculated at 1/6 of income over €26, to a maximum of €15 (b) Where income is greater than €200 per week, the rent contribution is calculated at 10% of income to a maximum of €30. So, say a subsidiary earner, Ms Shields, earns €190 per week. Applying formula (a), her rental contribution is capped at €15 per week. Following a pay rise, she now earns €210 per week. She now falls into category (b) and owes a rental contribution of €21 per week. While she got an increase of €20 per week from work, €6 of it was absorbed by her rent increase.

On balance, it may still be worth looking at the contribution paid by subsidiary earners, as any increase here could offset reductions for lower income households.

Recommendation 1: Consider increasing the rental contribution paid by subsidiary earners.

Families

In the previous chapter, it was stated that formerly Dublin County Council disregarded a portion of Family Income Supplement payments for rent purposes. Now Dun Laoghaire-Rathdown is the only local authority in Dublin to disregard FIS.

It is recommended that South Dublin County Council disregard FIS for rent assessment. FIS is a weekly payment for families, including lone parent families, at work on low pay. FIS is calculated at 60% of the difference between net weekly income and a set income limit, which depends on family size. For example, the 2004 income limit for a family with one child is €407 per week (Department of Social and Family Affairs website). So if such a family had a net weekly income of €350, they would qualify for a FIS payment of €34.20. If a family qualifies for a weekly payment of less than €20, a weekly supplement of €20 is payable (since Budget 2004). Also since the start of this year, FIS is no longer included when families' entitlement to rent/mortgage interest supplement is determined. FIS is a 'top up' payment awarded to low income families with children, with the intention of bringing them nearer to what the Department of Social and Family Affairs regard as an 'acceptable' income level. For this reason, it would be more equitable to disregard it for rent assessment purposes.

Recommendation 2: Disregard Family Income Supplement for rent assessment purposes.

Dependent Children

There may be merit in allowing an increased deduction from the principal earner's income, from say, the third child onwards. This would help larger families who may be at greater risk of poverty. It would also assist some lone parent households, who, according to the short tenant profile, are concentrated in the lowest income brackets.

A similar provision appeared in Dublin County Council's rent scheme some years ago. Students (including mature students) are relatively well treated by South Dublin County Council – this position should be maintained.

Recommendation 3: Consider allowing an increased deduction from the principal earner's income, from the third child onwards.

Carer's Allowance

As was outlined in the previous chapter, South Dublin County Council disregards any increase in income resulting from the payment of Carer's Allowance. There is some question over whether this allowance should be assessed at all for rent purposes, given the nature of the payment. That is, it is a means-tested payment for low-income carers who live with and assist people needing full-time care (DSFA, 2003). This suggestion warrants further examination, including identifying the number of people in this situation.

Recommendation 4: **Examine the possibility of disregarding Carer's Allowance entirely for rent assessment purposes.**

Older People

As was seen previously, compared with the other Dublin local authorities, older people are treated relatively well under the South Dublin County Council rent scheme (see Table 3.1). Many older people would benefit from the fact that only current income (e.g. social welfare, pensions) is assessed but savings are not. The provisions in place for older people should remain as they are. Apart from the differential rent scheme, it is important that older people have comfort. Rent levels are one factor in this, but there are other important factors e.g. central heating and good insulation in the house. The need for such refurbishment work to some of the Council's housing stock has been identified, and the needs of older people prioritised within this.

Disabled People

As was discussed previously, decisions around whether Disability Allowance is assessed are made on a case-by-case basis and it is not formally written into the rent scheme. The practice of disregarding Disability Allowance for tenants not capable of working seems reasonable. Because it is not written into the scheme, the Council is afforded an element of discretion, which can work to the advantage of those tenants most in need of it. It is recommended that all Rents staff become familiar with this practice, if they are not already, and should apply it as uniformly as possible.

Recommendation 5: **All Rents staff should become familiar with the current practice regarding the assessment of Disability Allowance.**

Self-employed People

As stated previously, where documentation is not supplied, South Dublin County Council assumes an income to determine rent amount. The assumed net incomes are somewhat higher in the other Dublin local authorities. There may be some scope for South Dublin County Council to increase these amounts. If nothing else, higher assumed incomes might encourage self-employed people to supply the proper documentation and have their rent assessed properly.

Recommendation 6: **Consider increasing the assumed net incomes for self-employed people.**

Employment Support Schemes

The differences between the four Dublin local authorities in their assessment of the various employment support schemes were outlined in the previous chapter. The South Dublin County Council approach differed strongly from the Fingal County Council one. South Dublin County Council adheres strictly to the Department of Environment, Heritage and Local Government requirements regarding certain schemes, whereas Fingal County Council has agreed a common way to assess many schemes. Notwithstanding the differences between the schemes and the requirements from the department, it may be equitable to devise some allowance for tenants participating in schemes currently assessed in full by South Dublin County Council (Job Initiative and Social Economy, although there are not many tenants on the latter scheme in South Dublin County Council). This is because all such schemes are targeted at long-term unemployed people and other groups experiencing disadvantage and so making some allowance for them could be seen as 'rewarding' people for returning to education or employment. One suggestion is allowing a 'lead-in' time of say three months, where the person would remain on their old rent. More generally, the transition to work and earning a wage can be difficult for people to manage. For some people, secondary benefits such as medical cards are withdrawn, so additional support, say around money management, might be needed at this time.

Recommendation 7: Consider additional supports for people taking up employment support schemes which are currently assessed in full, an example would be to allow a 'lead-in' time where the tenant would remain on their old rent for a specified time after taking up employment on one of these schemes.

Hardship Clause

As was seen previously, South Dublin County Council has the following Hardship Clause in the rent scheme: *'where payment of a rent calculated in accordance with this Scheme would give rise to hardship, the Council may agree to accept a lesser sum from a tenant for a specified period'*. It is accepted that the hardship clause has to be general as each hardship case is very different. People get into arrears for a variety of reasons. For some people, it is as a result of exceptional, large expenses or because of poor budgeting skills and perhaps misplaced priorities (the arrears issue is examined further below). However, out of the wider pool of arrears cases, the Housing Welfare Officer is asked to examine a much smaller number of cases to see if the hardship clause applied. Often, these cases involve tenants with addiction problems or mental health difficulties and generally involve their arrears being written off. This practice provides an important 'safety net' for vulnerable tenants and should be maintained.

However, there is scope within the existing Hardship Clause to assist other tenants, without having to write off their arrears completely. The Housing Unit (2000) suggest that where arrears have arisen as a result of a crisis or a significant change in circumstances, e.g. separating from a partner, or unforeseen expenditure, e.g. funeral costs, consideration should be given to utilising the hardship clause to reduce the tenant's rent for a period of time.

Recommendation 8: Use the existing Hardship Clause to assist tenants experiencing a significant change in circumstances or significant unforeseen expenditure to reduce their rent for a period of time.

2. Rent Collection and Arrears

Rent collection is very important as monies collected go into housing maintenance. There is likely to be an increased focus on the level of rent arrears as the amount and length of arrears are now service indicators, which will be compared across local authorities. These are contained in the report, *Delivering Value for People: Service Indicators in Local Authorities* (Department of Environment, Heritage and Local Government, 2004).

Several of the suggestions in this section were taken from the report: *Good Practice in Housing Management: Guidelines for Local Authorities – Rent Assessment, Collection, Accounting and Arrears Control* (Housing Unit, 2000). South Dublin County Council does not ask for a lump sum to clear arrears, as people might have to resort to moneylenders in that case. Rather, tenants are asked to come to an arrangement with the Council e.g. pay a weekly sum, which covers rent and a contribution towards the arrears. This arrangement can be decided when a Housing Inspector calls out to the tenant. Inspectors take into account the other bills incurred by the tenant e.g. utility bills, before agreeing an amount, which is affordable for the tenant.

There are very many options open to tenants for paying their rent. These are given in the following table:

Table 4.1: Payment Options for South Dublin County Council Tenants

Bill Pay at any Post Office	Household Budget Scheme
Internet Banking	Standing Order
By cash, cheque or visa in the Payment Offices in South Dublin County Council	Money Advice & Budgeting Service Special Accounts
Wages deduction (for employees of South Dublin County Council)	

The Housing Unit (2000) suggests that the efficiency of collection methods should be reviewed regularly and the level of arrears associated with each payment option should be assessed. Under the **Household Budget Scheme**, An Post can make deductions from social welfare payments to cover payments for local authority rents and for utility bills such as gas, electricity, telephone etc. Currently, South Dublin County Council 'encourages' new tenants or those in arrears to sign up to the scheme. There are some difficulties with this scheme, however:

- Some tenants in receipt of social welfare payments are paid by payable order book. Such tenants need to voluntarily switch over to payment via social services card, which leads to a 6-8 week delay in deductions beginning.
- Also, only 25% of the social welfare payment can be deducted at source, but the rent amount could be considerably higher, especially where there are several people with incomes in the household.
- Furthermore, tenants can stop these deductions at any time.

Nonetheless, it may still be worth pushing this scheme for all tenants in receipt of social welfare payments. Dublin City Council obliges new tenants to sign up to the scheme if appropriate.

Similarly, **Money Advice and Budgeting Service (MABS) Special Accounts** are operated by the Credit Unions on behalf of the MABS for clients availing of the MABS service but for whom the Household Budget Scheme is not appropriate. The tenant makes one payment to the credit union on their payday every week to cover a number of creditors. This money is then distributed on the instructions of MABS to the creditors every month. This method has the advantage of being free to the tenant, unlike e.g. standing orders (Housing Unit, 2000).

Recommendation 9: Encourage more tenants to utilise the Household Budget Scheme and Money Advice and Budgeting Service (MABS) Special Accounts where appropriate.

South Dublin County Council has run pre-tenancy budgeting courses and also **budgeting courses** for some existing tenants. In the experience of some Housing staff, these courses are not altogether successful as people tend to forget the course content and it is difficult to change people's behaviour. However, pre-tenancy courses can have value in that it gives new tenants an opportunity to get to know one another and allows the Council to stress the obligations on tenants (e.g. regarding rent and anti-social behaviour) as well as its' own landlord role. It would be beneficial for tenants actually in arrears to attend such courses, or to attend individual debt counselling, e.g. from the Housing Welfare Officer or from independent agencies e.g. the Money Advice and Budgeting Service (MABS).

Recommendation 10: Continue to run budgeting courses for new and existing tenants and encourage tenants in arrears to attend individual debt counselling.

South Dublin County Council requests that tenants notify the Rents Section immediately of any change in family circumstances or income. This is not always done. For example, tenants do not always promptly inform the Council when they take up work. When the Council finds out, the tenants' rent is reviewed which leads to backdating these arrears. However, backdating arrears is not ideal as circumstances may change again for the tenant, e.g. they might lose the job, which may then mean that they cannot afford to repay their arrears. One suggestion is to build an **'employment incentive'** into the rent scheme. That is, people could be given a month's grace on their old rent provided that they inform the Council immediately when they take up work. Similarly, tenants are obliged to notify the Council when a new person moves in or out of the house. Again, the Council is not always notified soon after a new person moves in, which can lead to arrears. On the other hand, when somebody leaves the house, tenants must supply documentary evidence of their new address e.g. rent book or utility bill, which can be difficult to get. However, when a person leaves in acrimonious circumstances, the Rents Section will accept alternative evidence from the tenant remaining in the house. For example, they can sign a declaration and have it countersigned by the local guard, doctor, parish priest etc.

Or else, Housing Inspectors could check with the Department of Social and Family Affairs to see if the person who left the house is now claiming their payment from a new address (if appropriate).

Recommendation 11: Build an incentive into the rent scheme to encourage people to inform the Council immediately when they take up work. The idea of a 'lead-in' time on their old rent could be used here also.

The Housing Unit (2000) suggests that incentives could be used to encourage the prompt payment of rent. For example, **rent-free weeks or prize draws** for tenants who have paid their rent in full, at the end of the accounting or calendar year. The former might also prove beneficial given that some arrears can be attributable to seasonal periods of high expenditure for tenants. Where the annual rent review is concerned, Fingal County Council impose financial penalties for the late submission of financial information. This approach is not recommended. Some Housing staff felt that such a policy would create 'false arrears'. In cases where tenants do not supply requested information, South Dublin County Council assumes an income for rent assessment purposes. The closing date for receipt of forms for the 2004 rent review was 31st January 2004. As at mid May 2004, approximately 1,100 assessment forms were still outstanding.

Recommendation 12: **Consider introducing incentives such as rent-free weeks or prize draws, to encourage the prompt payment of rent.**

In an arrears situation, **early intervention** is very important. One suggestion is that when a tenant is four weeks in arrears, action should be taken. Currently, in South Dublin County Council, action is not triggered by a set number of weeks in arrears but by the amount of the arrears – when they reach €500. The problem with this approach is that for a tenant paying a low rent, it could take a long time for the Rents Section to react. Also, as arrears tend to be more common among new tenants, the Housing Unit (2000) recommend monitoring the payment records of all new tenants and making routine visits to tenants three months after allocation to ensure that they are satisfied with their rent assessment and payment method. Currently, in South Dublin County Council, accounts are monitored from the date they are six months old. As the Housing Unit (2000) argues, the low average income of tenants means that tenants who fall into even small levels of arrears can find it very difficult to repay this debt.

Recommendation 13: **The Rents Section need to react when tenants are in a set number of weeks arrears rather than in arrears to a set amount and the accounts of new tenants should be monitored earlier than at six months.**

The Housing Unit (2000) also points out that traditionally local authorities have focused on addressing arrears after they occur, rather than on **preventing arrears**. Ensuring that tenants are paying an affordable rent is crucial to preventing rent arrears. This is achieved by proper rent assessment and regular rent reviews e.g. to take account of any changes in the personal and family circumstances of tenants.

However, they also argue that local authorities can improve tenants' ability to pay their rent by making them aware of any social welfare payments or tax relief that they may not be claiming. Another suggestion especially for tenants paying higher rents was to reintroduce **maximum rents**, which were a feature of South Dublin County Council's rent scheme until recent years. Maximum rents were calculated according to a set formula, which aimed to recoup the cost of the house over a number of years.

Recommendation 14: **The Rents Section should aim to prevent arrears where possible. Ensuring that tenants are paying an affordable rent is important in this regard e.g. tenants could be made aware of any social welfare payments or tax relief that they may not be claiming.**

3. Provision of Information

The Housing Unit (2000) argue that providing clear, user-friendly information to tenants on all aspects of the rents service is crucial to preventing the accumulation of rent arrears. South Dublin County Council tenants have a lot of information available to them around the rent scheme and about the Housing Department generally e.g. on the Council's website. While the Tenancy Agreement is a legal document and is not particularly user-friendly, the Tenant Handbook covers much of the same ground in a more straight-forward way i.e. information about rents, repairs, anti-social behaviour etc. In addition, MABS have produced a leaflet, *'Problems paying your rent? Your rights and options'* which is a very straight forward introduction to dealing with rent arrears and available payment options for both private and local authority tenants.

Looking at South Dublin County Council's current Differential Rent Scheme (see chapter 3) in particular, while the wording is reasonably clear, there are some areas in which it could be improved. It would be worthwhile to consult the National Adult Literacy Association website to take account of **'plain English'** guidelines when the 2005 rent scheme is being drafted. The following are just some suggestions for changes:

- Remove the 'official' language from the beginning of the scheme, i.e. remove the entire first paragraph that refers to the Department of Environment, Heritage and Local Government circular guiding the scheme and to Manager's Orders. Instead, begin with the commencement date information.
- The letters that were sent to tenants at the time of the annual rent Review (see chapter three) described the main features of the scheme and gave a sample rent calculation, which is a very good idea. As discussed previously, South Dublin County Council operates a rent schedule scheme. Looking at the table attached to the scheme, tenants can read off the rental contribution due from the principal earner, taking deductions from rent in respect of dependent children into account, as appropriate. However, the calculations behind this table need to be explicitly stated in the scheme also. These are: (1) The contribution due from the principal earner works out at 10% of assessable income plus fifty cent (2) The assessable income of the principal earner is reduced by €1 per dependent child.
- Although it would result in the loss of some income for the Council, it may be sensible to leave the principal earner's contribution at 10% of assessable income, without adding the fifty-cent.
- Streamline the information on Assessable Income e.g. Dublin City Council cover this section well. Put the treatment of self-employed people into a separate section. State that where satisfactory documentary evidence is not received, assumed net incomes will be used for rent assessment and outline the amounts that are used.
- Examine the list of incomes disregarded. Remove references to legislation. For example, rephrase *'allowances payable under the Boarding out of Children Regulations 1954'* to *'allowances payable for fostering children'* and rephrase *'allowances for domiciliary care of handicapped children under the Health Act 1970'* to *'allowances for domiciliary care of disabled children'*.
- Living Alone Allowance is paid to other groups besides older people and is disregarded by South Dublin County Council for all recipients. So, rephrase the reference to it in the disregards list to reflect this.
- Full-time students are allowed earn €120 per week (ie €60 as a subsidiary earner plus an additional €60 as a student) before they are liable to pay a contribution towards the rent. Rephrase the reference to it in the disregards list to reflect this.
- For both the paragraphs on Community Employment and Back to Work Allowance, remove the condition *'for such period as the tenant continues to be the principal earner in the household'*. In practice, the cap on the rent contribution from subsidiary earners means that any additional income received from participating in employment support schemes will not be assessed anyway.
- For the Community Employment paragraph, remove the condition *'where a tenant transfers from Unemployment Benefit/Assistance or One-Parent Family payment'*. More groups are eligible for Community Employment than just these and the disregard applies for all groups. The following could be used instead: *'when a tenant's income increases as a result of participation in the Community Employment Programme'*.
- Back to Work Enterprise Allowance is also disregarded by South Dublin County Council. This should be noted in the paragraph on the Back to Work Allowance Scheme .

Speaking more broadly, according to some Housing staff, tenants in arrears do not trust the Council and combined with literacy difficulties, written correspondence may not always be very helpful. Therefore, consideration needs to be given to **alternative methods of communicating with tenants**. The Rents Section does not operate in isolation; rather, they cooperate with other agencies and with other sections within the Housing Department. Within Housing, the Rents Section works closely with sections such as Estate Management and Maintenance. This fact would support a move towards a 'case worker' approach in Housing, where administrative staff would look after all aspects of particular houses. It may be useful to widen the role of Estate Management Officers (as they have good contacts in the community) to include provision of information/advice around the rent scheme. Alternatively, staff representatives from all housing sections could hold annual meetings with tenants; say in community centres, to disseminate information.

Recommendation 15: All information around the rent scheme, including the wording of the 2005 Differential Rent Scheme should be 'plain English' proofed. Alternative methods of communicating with tenants should be taken advantage of, where appropriate.

[iii] Dun Laoghaire-Rathdown phrases this paragraph as follows: *'The rent of any tenant who is certified by the DSFA as participating in a Back to Work Allowance Scheme shall not be increased solely as a result of such participation for a period of three years from the date of certification for tenants receiving Back to Work Allowance (employees) and four years for tenants receiving Back to Work Enterprise Allowance (self-employed), as long as the combined income from the Back to Work Scheme and employment/self-employment does not exceed €317.40'.*

Chapter 5
Conclusion

This report was concerned with 'poverty proofing' South Dublin County Council's Differential Rent Scheme. Government guidelines (1999) define poverty proofing as the process by which government departments, state agencies and local authorities assess programmes and policies at design and review stages regarding the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction. The Combat Poverty Agency (2004) argue that poverty proofing involves arriving at a statement about the impact of a policy on groups in and at risk of poverty following a systematic analysis. In the course of doing this review, the rent schemes of the four Dublin local authorities were compared. In addition, meetings were held with South Dublin County Council Housing staff, in particular staff from the Rents Section, several of the Housing Inspectors and the Housing Welfare Officer.

In the first chapter, it was concluded that South Dublin County Council operates a rent schedule scheme and that this scheme is not considered to contribute to poverty traps. This means that rent increases do not absorb too much of increases in income of tenants on low-incomes, in receipt of old age pensions or social welfare. Chapter two gave a short profile of South Dublin County Council's tenants. Even though rents are much lower than those of private renters, many South Dublin County Council tenants experience difficulty in paying their housing and other expenses. Chapter three examined how different groups are treated under the South Dublin County Council rent scheme in comparison with the other Dublin rent schemes. Generally speaking, South Dublin County Council compares well with the other Dublin local authorities in its' treatment of these groups.

Although the South Dublin County Council rent scheme does not contribute to poverty traps and is quite fair to several groups, in chapter four recommendations to further improve the rent scheme were made. These recommendations fall into three broad areas: recommendations around the content of the rent scheme, recommendations around rent collection and arrears and recommendations around the provision of information about the scheme. Fifteen recommendations were made in total – these were discussed in the recommendations chapter. The following are the five key recommendations for the rent scheme:

- There may be scope for increasing the rental contribution paid by subsidiary earners. As was seen in the short tenant profile, households composed of parents with grown children were among those on the highest income in the County. An increase here could offset reductions for lower income households **(Recommendation 1)**.
- Consideration should be given to disregarding Family Income Supplement for rent assessment. FIS is a weekly payment for families, including lone parent families, at work on low pay. Because it is a 'top up' payment awarded to low income families with children to bring them nearer to an 'acceptable' income level, it would be more equitable to disregard it for rent assessment purposes **(Recommendation 2)**.
- More 'employment incentives' could be built into the rent scheme. For example, an allowance could be devised for tenants participating in schemes currently assessed in full by the Council – Job Initiative scheme and Social Economy enterprise e.g. allow a 'lead-in' time where the tenant would remain on their old rent. The 'lead-in' idea also came up in relation to the prevention of rent arrears i.e. an incentive could be built into the rent scheme to encourage people to inform the Council immediately when they take up work **(Recommendations 7 and 11)**.
- The Rents Section need to react when tenants are in a set number of weeks arrears rather than in arrears to a set amount and the accounts of new tenants should be monitored earlier than at six months. The low average income of tenants means that tenants who fall into even small levels of arrears can find it very difficult to repay this debt **(Recommendation 13)**.
- All information around the rent scheme, including the wording of the 2005 Differential Rent Scheme and the letters sent to tenants for the annual rent review should be 'plain English' proofed. Alternative methods of communicating with tenants should be taken advantage of, where appropriate **(Recommendation 15)**.

Appendix

Definitions of Household Type used in Short Tenant Profile

- One person under 65

- One person 65 or over

- Couple, dependent child(ren): This is a couple with at least one child under 18. There may be other relatives or non-relatives in the household also e.g. grown-up children, grandparent, daughter-in-law.

- Lone parent households: Other households with at least one child under 18. The vast majority of these are lone parent households.

- Parent(s), grown children: The household consists of a parent or both parents with children all aged 18 or more; there may be others in the household also e.g. son-in-law, but there are no children under 18.

- Other all-adult households, under 65: These are other households with two or more members, but there are no children under 18 and noone aged 65 or over. These households include couples without children, relatives e.g. brothers and sisters and unrelated adults.

- Other all-adult households, 65 and over: These are households with two or more members, but there are no children under 18 and there is at least one person aged 65 or over.

(from ESRI, 2003)

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