



Oifig an Aire
Office of the Minister

13 December 2018

Cllr. Ruairí McGinley,
Dublin City Council,
City Hall,
Dublin 2.

RE: MO2018-00972

Dear Cllr. McGinley,

I have been asked by Mr. Eoghan Murphy, Minister for Housing, Planning, and Local Government, to refer to your letter of 2 November 2018 regarding the funding provided by this Department to Dublin City Council for the Rental Accommodation Scheme (RAS) and the Housing Assistance Payment (HAP) scheme.

Demand for social housing is met in a variety of ways including through the private rental sector under schemes such as RAS and HAP. Using a variety of mechanisms to deliver social housing makes social housing supports more responsive and flexible, ensures a better mix between private and social housing and creates more sustainable communities.

Budget 2018 increased the Exchequer funding for the HAP scheme by €149m to €301 million. This will allow for the continued support of existing HAP households and also enable the additional 17,000 households targeted under Rebuilding Ireland to be supported by HAP in 2018. A further €121m for HAP has been announced under Budget 2019. This will provide for the continued support of existing HAP households and also enable the additional 16,760 households targeted under Rebuilding Ireland to be supported by HAP in 2019, as well as supporting the roll-out of the HAP Place Finder Support Service across the country.

The Housing Assistance Payment (HAP) scheme is funded through a combination of Exchequer monies and tenant differential rents collected in respect of HAP tenancies. Limerick City and County Council provides a HAP transactional shared service on behalf of all local authorities. This HAP Shared Services Centre (SSC) manages all HAP related rental transactions for the tenant, local authority and landlord. Accordingly, this Department does not recoup individual



local authorities in respect of HAP rental payments in their administrative areas but rather recoups all landlord costs via the HAP SSC.

This Department has, since 2015, provided local authorities with a HAP administrative payment of €150 per HAP household on the basis of the cumulative number of new households supported through HAP in each year. This administrative payment recognises the resources required to manage the HAP process by local authorities.

The Homeless HAP Place Finder Service is a targeted support for homeless households who may find it difficult to secure HAP tenancies. The scheme has been successfully utilised by the Dublin Regional Homeless Executive (DRHE) across the four Dublin local authorities since February 2015, with more than 3,000 households currently being supported by the scheme.

The Homeless HAP Place Finder Service assists households by providing the local authorities with the following options:

- the option to provide a deposit to secure property;
- the option to pay up to two months advance rent; and
- in the case of the Dublin local authorities only, an increase in the discretion ceiling from 20% to 50% to exceed the maximum rent limits, where necessary, allowing households to find suitable accommodation.

Aggregate recoupment of costs are made by this Department to the DRHE for rent in advance, deposits and HAP administrative payments, in respect of the Homeless HAP Place Finder Service and payments to landlords, in respect of homeless households.

Where a local authority decides to enhance the Homeless HAP Place Finder Service beyond the financial assistance provided by this Department, the arrangement, management and oversight of the Homeless HAP Place Finder Service, including any contractual matters that may arise with relevant third parties, is a matter for each individual local authority.

The 2018 budgetary provision for RAS is €134.34 million and will support approximately 19,756 continuing RAS contracts, which includes a further 600 tenancies to transfer from rent supplement in 2018 in line with the Rebuilding Ireland targets. From 2018 onwards, annual RAS targets are reducing to take account of the increasing focus on rent supplement transfer to HAP.

Notwithstanding the achievement of such targeted new transfers, the introduction of the HAP scheme has seen a change in the demand for the RAS scheme, as both schemes address the



housing needs of Rent Supplement recipients with a long-term housing need. In 2018, it is anticipated that more RAS tenancies will terminate than will commence on foot of the roll-out of HAP. Therefore, the number of existing RAS tenancies will gradually reduce.

RAS payments are not pre-funded. Local authorities are reimbursed for RAS expenditure on the basis of verified signed claims for contracted costs incurred by local authorities who have entered lease agreements with private sector landlords to provide accommodation for RAS clients. The Department recoups to local authorities claims for the cost of rents and supports the administration of RAS at local level with an administrative support cost framework. The annual cost of the scheme includes the cost of the continuing commitments to existing contracts, the additional cost within a year of new contracts that fall to be funded and administration costs.

The Department has provided local authorities with a RAS administrative payment of €300 for new households together with €200 per household on the basis of the cumulative number of existing households supported through the scheme in each year in recognition of the resources local authorities need to operate the RAS scheme.

The total RAS expenditure in 2018 for Dublin City Council up to end of August 2018 was €12.09m. This funding supported the continuing cost of Dublin City Council's 1,861 current RAS contracts.

RAS remains a significant part of the suite of social housing options available to local authorities and to those who are assessed as being in need of housing support.

There are no changes to the funding arrangements for HAP and RAS in 2019. HAP landlord costs are recouped to the landlord via the HAP SCC, Homeless HAP Place Finder Service and RAS costs are reimbursed to local authorities on the basis of verified claims.

Yours sincerely,

Niamh Redmond
Private Secretary