



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

Report on Housing Rent Arrears



Housing Department

November 2020

Housing Rents and Arrears

Background

- Dublin City Council has 24,800 rented tenancies
- Approximately 67,000 people reside in these tenancies
- The weekly average rent charge is €70.41 (€281.64 per month)
- Rent arrears currently amount to €36,603,071 (as of 12th October 2020)
- Credit on accounts is €3,494,244.13

The weekly rent charge is determined in accordance with the 2019 Dublin City Council Differential Rent Scheme. The current differential rent is calculated at 15% of the principal earner's weekly assessable income, which exceeds €32.00 in the case of a 'single person' principal earner and €64.00 in the case of a 'couple' principal earner (principal earner is the household member who has the highest assessable income). Where a spouse/partner is in receipt of any weekly income over €32.00 the couple allowance will not apply.

After the rent payable in respect of the principal earner has been assessed, 15% of the weekly assessable income of each subsidiary earner which exceeds €32.00 (€64.00 in the case of a "couple" subsidiary earner), will be added to the weekly rent, subject to a maximum charge of €21 per subsidiary earner (increased from €19 in March 2019). A maximum of four earners is assessed for rent purposes. There is a rent reduction of €1 per dependent child

The assessable income of either a principal earner or of a subsidiary earner will, in general, be that person's normal weekly wage and/or social welfare payment, net of income tax, P.R.S.I. and Universal Social Charge (USC) payments (where applicable). Income from the following sources will be included in assessable income:

- Employment including self-employment,
- Social insurance/social assistance payments and allowances,
- Health Service Executive allowances, FAS training allowances,
- Payments under the Community Employment Programme and
- The Back to Work scheme and
- Income from any pensions or other sources.

All regular income and payments in the nature of pay, including shift allowance, travel allowance, bonus, commission and overtime will be included in assessable income. Pension Related Deductions, Superannuation. Pension Fund payments or any other deduction apart from income tax, P.R.S.I. and Universal Social Charge payments (where applicable) are not deductible from a person's normal weekly wage for the purposes of calculating rent.

Assumed incomes are applied to self-employed tenants. Taxi/Hackney drivers, non-trade and other business earners have an assumed income of €500 per week applied. Tradesmen are assumed to be earning €560 per week.

Notification of Income Changes

Tenants must notify the City Council immediately of any changes in household income or in household circumstances (e.g. changes in the number of occupants including newly born babies, changes in the employment status of household members etc.).

Various charges may apply which are specific to the property such as heating and boiler maintenance. A €3 waste management charge per week applies to all flat complexes where there is a universal bin. The charge also applies to Part V properties.

Differential Rent Charge

- The minimum weekly rent charge based on the Social Welfare payment of €203.00 is €25.65
- There are 1,188 tenants on the minimum rent charge
- There are no tenants on the maximum rent charge of €423, The current highest DCC weekly rent charge is €265.87

Dwelling Size	Maximum Weekly Rent
Bedsit (i.e. 1 room)	€257.00
1 Bedroom (i.e. 2 rooms)	€301.00
2 Bedroom (i.e. 3 rooms)	€313.00
3 Bedroom (i.e. 4 rooms)	€401.00
>3 Bedroom (i.e. > 4 rooms)	€423.00

Main causes of Arrears

- The main cause of rent arrears is the non-declaration of increased household income and/or missed or insufficient payment of weekly rent charge.
- 12,000 rent accounts are reviewed annually resulting in a full review of all accounts over a two year period. Household details are sought from tenants in order to ensure that the correct rent charge is applied. Where details are not submitted, an assumed income is added to the account. This has the effect of increasing the weekly Rent Debit while also increasing the level of arrears. The correct rent charge is applied when household details are received which may eliminate/reduce or increase arrears.
- All tenants are required under the terms of their Tenancy Agreement to report any changes in household income or composition immediately. It is Dublin City Council's policy to apply

retrospective debits to accounts where undeclared income is brought to our attention. While some Local Authorities do not apply retrospective debits, Dublin City Council considers the application of retrospective debits to be equitable to all tenants.

- Social problems are a contributing factor in non/under payment.

Arrears statistics:

Tenancies in Credit/Clear/Debit	Number of Tenancies	Total Tenancies 24839 % in Credit/Clear/Arrears
Tenancies in Credit	9665	38.91%
Tenancies Clear	273	1.9%
Tenancies in Arrears	14901	59.99%

While almost 60% of accounts are in arrears, the highest percentage of accounts in arrears have a debit of less than €500:

Amount of Arrears	Number of Accounts	% of Total Number in Arrears
01 – €500	6390	25.72%
€500 – €2000	3622	14.58%
€2000 – €7000	3445	13.86%
€7000 – €11000	800	3.22%
€11000 – €19000	507	2.04%
€19000 – €27000	100	0.40%
€27000+	37	0.15%

Arrears per household income bracket:

Total Income per Household	No. of Tenancies	Amount owed in Arrears	% of Total Arrears
€203 - €400	6000	€5,106,065	13.82%
€400 - €600	3829	€7,135,059	19.31%
€600 - €800	2729	€8,119,960	21.97%
€800 - €1000	1722	€5,734,724	15.52%
€1000 - €1500	1910	€8,225,991	22.26%
€1500+	490	€2,624,241	7.10%

Weeks in arrears:

Number of Weeks in Arrears	Number of Accounts in Category	Total Arrears €
1 – 4	3468	€404,001.74
4 – 6	1079	€334,466.17
6 – 12	1845	€1,164,736.78
12 – 24	2077	€2,838,088.05
24 – 52	2383	€7,071,018.22
52+	2826	€23,634,023.82

Managing Rent and Arrears collection

- The Arrears Management Section is staffed at present by 21 Executive Housing Officers (EHO) who are each responsible for approx. 1,200 rent accounts.
- Their job is to continuously monitor and manage the accounts and engage with the tenants at an early stage of missed payments.
- Through early intervention accounts falling into arrears are identified as quickly as possible and tenants are contacted to enter into an agreement so as to prevent serious arrears accruing.
- Every effort is made by the EHO to agree a realistic repayment plan with the Tenant.
- Tenants are contacted by letter, by telephone or house call by the Executive Housing Officer (EHO). The Rent Arrears Recovery procedure is supplemented by regular informal contact which offers every opportunity for tenants to engage.
- Tenants experiencing financial difficulties are advised of the availability of financial advice through MABs. Tenants who are experiencing welfare difficulties are linked in with social workers.

Change in Legislation

Part 2 of the Housing (Miscellaneous Provisions) Act 2014 replaced Section 62 of Housing Act 1966

- Legislation commenced in April 2015 when tenancies could no longer be terminated by Notice to Quit.
- DCC started serving Tenancy Warnings in September 2015.
- Due to the absence of relevant Court rules no applications for re-possession could be made until June 2017.

Rent Arrears Recovery Procedure

Stages 1 and 2: Early intervention/escalation

- 1st Warning letter issued after 3 weeks arrears.
- 2nd Warning letter issued after 5 weeks arrears.
- Broken Agreement/3rd warning letter

Stage 3: Issuing of a Tenancy Warning

- If the arrears are not paid in full or an agreement has not been made or been kept between the tenant and the EHO for the repayment of the arrears, a Tenancy Warning may be served.
- There is a 10 day waiting period after the Tenancy Warning is issued to allow for tenants to appeal the decision to issue the Tenancy Warning. The tenant must apply in writing to Dublin City Council within 10 working days.

Stage 4: Court Proceedings

- Where the arrears are still increasing and no agreement has been entered into, a Possession Application is prepared for Court.
- The EHO will notify the tenant by letter that a Court hearing is being arranged.
- Our Legal Department will issue notification to the tenant informing them that a Court date is being sought.
- Where a Possession Order is granted by the Court and where there is still no agreement to pay the arrears, or an agreement has been broken, the case is referred to the Eviction Office.

Other Arrears Management Measures

- Tenants signing for new lettings are, where possible, required to sign up to Household Budget/Direct Debit. Direct Debit/Household Budget options are also promoted to existing tenants.
- New tenants are required to pay two weeks rent in advance to cover the set up period. This prevents early arrears in new tenancies
- Tenants with accounts in arrears are not permitted to exit the Household Budget Scheme
- Tenants are advised of the option of Debt Solutions-(Debt Relief Notices) administered by Insolvency Services Ireland and MABS
- Quarterly Statements are issued to all tenants.
- No routine maintenance will be carried out on properties where the account is in arrears unless a repayment plan is being adhered to.

Activity in 2019

- 30,132 letters were issued to Tenants for rent arrears
- 165 Tenancy Warnings were issued
- 56 applications for Possession of Tenancies progressed to Legal Department for Court Hearing dates
- 2019---4 Possession orders were granted – 1 eviction took place

Activity in 2020

- 1 eviction took place in 2020
- 3 orders for possession obtained.
- 125 cases are with our Legal Department awaiting court dates to seek Possession Orders
- 28 cases were adjourned due to Covid and provisional dates notified for 30th November 2020, however, it is likely those dates will be adjourned.
- Vacancies at Executive Housing Officer were filled on an acting basis in May 2020 and all rent arrears patches are now covered.

Effect of Covid 19

- House calls were suspended in mid-March 2020 - the lack of visibility in the community was a contributory factor in the rise of rent arrears. House calls recommenced on 14th September 2020 and there was a visible increase in engagement on behalf of tenants. House calls are now suspended for a further 6 weeks under Level 5 Covid Resilience and Recovery Plan 2020-2021. EHOs will continue to telephone and e-mail tenants. Formal correspondence under the arrears recovery process will continue to be issued up to tenancy warning stage.
- Government legislated for a moratorium on evictions for all rented dwellings for a period of almost 6 months from March 2020, a further period is now in place until early December 2020. New legislation will provide for future moratoria on evictions for periods when a 5km travel restriction is in place.
- Following consultation with our Legal Department, no Tenancy Warnings were issued during the first moratorium period as they expire after one year.
- Serious arrears cases were prioritised for Court hearings in November 2020, however, it is likely that these will now be adjourned. It is unclear when these cases will be rescheduled for hearing.

Other initiatives

- ▶ The new application LAVA has been developed by the LGMA and the Department of Employment Affairs and Social Protection. This application provides access to full income details of an individual. To date, the completion of an accurate rent assessment relied on the tenant providing evidence of changes in their household income (ideally in real time but at least annually). If household income details are not provided by the tenant, an assumed income is applied based on the assessing officer's judgement of potential earnings. This raises the net weekly charge and a debit is applied to the account which results in arrears. Direct access to household income will eliminate the need to apply assumed income in most cases. A review of all accounts with assumed incomes applied will take place in the first half of 2021, resulting in a more accurate determination of the rent charge and arrears.
- ▶ A sub-committee of the Housing SPC was established earlier this year to make recommendations on new initiatives to tackle rent arrears. The recommendations of this group will be considered at the November Housing SPC meeting.
- ▶ A pilot project is being initiated with our Legal Department to trial the seeking of judgement orders for RAS arrears cases.

- ▶ A dedicated RAS arrears EHO has been assigned.
- ▶ An ongoing evaluation of serious arrears cases is being conducted in order to prioritise cases for early court hearings.
- ▶ Transfer applications will be cancelled where an account is in arrears. Housing Allocations are in the process of preparing for implementation. The second phase of this initiative will involve the pausing of transfer applications already in the system where the account is in arrears.
- ▶ Housing Rents is working with Housing Allocations to identify transfer applications which are nearing offer stage to target those accounts for arrears recovery.
- ▶ An additional solicitor has been engaged by the Legal Department to expedite Housing issues.
- ▶ A communications plan is being developed to publicise the importance of paying rent/returning Household Detail forms/payment methods for rent/availability of financial advice through MABS/consequences of accruing arrears
- ▶ An application for mobile devices which would facilitate payment of rent, checking balances and notification of income changes is being considered.

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