

Report to the Finance Strategic Policy Committee

Update on Housing Rents

Dublin City Council has 25,024 rented tenancies, with approximately 67,000 residents. Rent is based on 15% of the principal earner's income, plus a maximum of €21 per subsidiary earner (a maximum of four subsidiary earners are taken into account for the purposes of rent calculation) in accordance with the 2019 Rent Scheme.

The average weekly rent charge is €71.09 (€309 per month).

Rent Assessment and Income

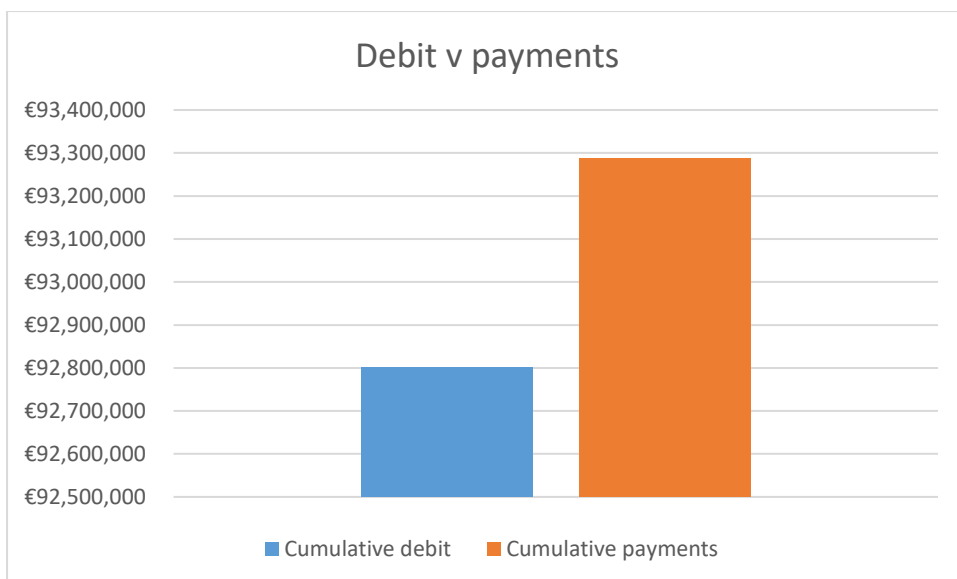
A routine assessment of all accounts is conducted over a two year period in order to ensure the correct rent charge is applied to accounts. Regular and accurate assessment of rent accounts is necessary to ensure that Dublin City Council maximises the income potential and to prevent the application of large retrospective debits.

Under the terms of the Tenancy Agreement, tenants are required to inform Dublin City Council of any changes to household income or composition at the earliest opportunity, however in practice, this does not always happen. In 2020, access was granted to income details via the Local Authority Verification Application (LAVA) which facilitates a more accurate assessment of the rent charge in the absence of the submission of documentation.

Rental income has risen by €17,701,429 since 2016:

Year	Income
2016	€75,701,429
2017	€78,326,970
2018	€81,549,170
2019	€86,085,697
2020	€90,896,920
2021	€93,242,488

Cumulative payments of €93,288,484 in 2021 exceeded the rent charge of €92,802,095.



Retrospective debits:

It is the policy of Dublin City Council to apply retrospective debits when assessing rent account where undeclared income is evident.

Retrospective debits applied since 2018 are as follows (2021 figure up to end of Oct).

Year	Debit
2018	€2,467,440
2019	€2,954,347
2020	€1,536,313
End Oct 2021	€697,666
Total	€7,655,766

Rent Arrears overview and analysis

Rent arrears as of 31st December 2021 amount to €37,895,466.93 (€36,814,316 in 2020). Credit held on accounts is €4,349,197.68

Below is a breakdown of tenancies in credit/clear/arrears. Accounts are considered to be in arrears when they carry a negative balance of more than one cent. A comparison between November and December is provided as yearly statistics show that payments fall in December. Executive Housing Officers are in the process of contacting those regular payers who defaulted in December as part of the early intervention strategy.

Month	Credit	Clear	Arrears
Nov-21	10,549 (42.21%)	419 (1.67%)	14,019 (56.10%)
Dec-21	8,743 (34.93%)	233(0.93%)	16,048 (64.13%)

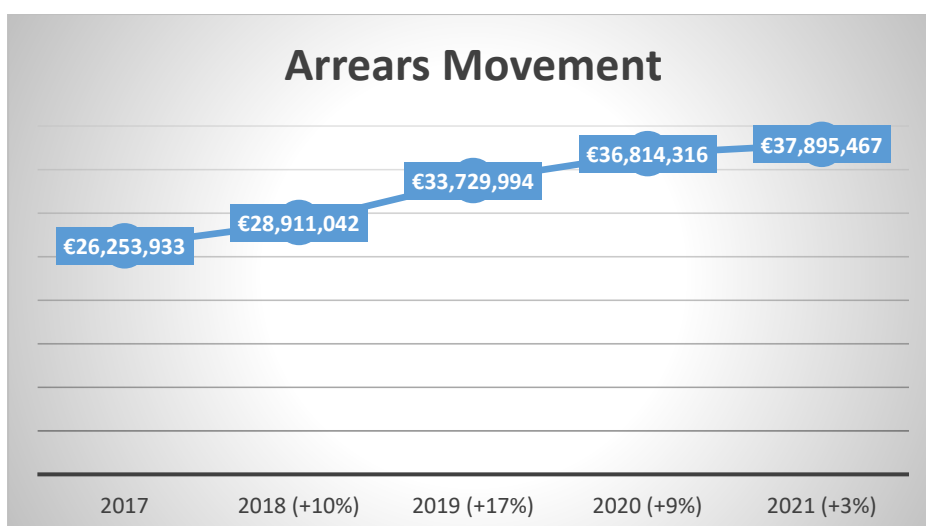
47% of all accounts in arrears owe less than €500. An analysis of all accounts in arrears is being carried out, with the top 300 accounts monitored directly by management.

Debit balance	Number of Accounts	% of total accounts in arrears
1 – 500	7546	47.0%
500 – 2000	3540	22.0%
2000 – 7000	3336	21.0%
7000 – 11000	885	5.5%
11000 – 19000	565	3.5%
19000 – 27000	135	0.8%
27000 +	41	0.2%

Aged debt:

Rent arrears balance includes all arrears accrued over the lifetime of all live tenancies. Below is a table detailing the age of arrears.

Number of Weeks in Arrears	Number of Accounts	Total Arrears €
1 – 4	3942	541,491.87
4 – 6	1128	392,890.56
6 – 12	1890	1,254,187.09
12 – 24	1906	2,716,782.17
24 – 52	2249	7,013,490.43
52 +	2999	26,164,897.96



Year	Arrears	Movement
2016	€24,445,806	
2017 (+7%)	€26,253,933	1,808,127.00
2018 (+10%)	€28,911,042	2,657,109.00
2019 (+17%)	€33,729,994	4,818,952.00
2020 (+9%)	€36,814,316	3,084,322.00
2021	€37,895,467	€1,081,151

Multiple payment options:

Making the physical process of paying as easy as possible is a key to maximising rent collection. A wide range of payment options are available to tenants such as online (a mobile friendly webpage has been developed), by telephone, Billpay, Household Budget, Direct Debit or by cash in Civic Offices, Customer Services Centre. A key objective of the Rent Collection and Arrears recovery strategy is to maximise payments by Direct Debit and Household Budget.

Payment method	November 2021
Bill Pay	56.20%
Direct Debit	19.90%
Household Budget	13.50%
Internet payment	7.70%
Wages/Salaries	2.50%
Customer Services call payment	0.20%

Arrears recovery process:

21 Executive Housing Officers are responsible for making arrangements with tenants to recover rent arrears. Each EHO has approximately 1200 accounts which they monitor on an ongoing basis. The role of the Executive Housing Officer is to engage with tenants and give them every opportunity to agree a fair and reasonable rescheduling arrangement. Contact is made via letter, telephone, e-mails and in person via house calls. Tenants in rent arrears are advised to engage with MABS, who will assist with budgeting and help tenants prioritise rent payments. Tenants who are experiencing welfare difficulties are linked in with Dublin City Council social workers.

If a tenant continues to default during the pre-legal phase, the EHO will commence legal action. The procedure for addressing breach of tenancy for rent arrears is prescribed in legislation in the Housing (Miscellaneous Provisions) Act 2014. The act provides for action up to, and including repossession of the property.

Legal action taken in 2021:

Actions	Number
Number of Tenancy Warnings Issued	114
Number of cases referred to the Legal Dept	94
Number of cases listed	64
Number of adjournments	42
Number of Orders for Possession Granted	12
Lump sum payments received (3 settlements)	30,500
Number of Orders for Possession being considered for warrant	9
Cases struck out due to rescheduling agreements in place	7
Number of repossessions due to surrender prior to court	3
Number of new Court Hearings outstanding	38

Early intervention:

A priority objective is to prevent arrears occurring in the first place by creating good payment habits from the commencement of a tenancy. In order to mitigate against new arrears, all tenants signing for new properties or transferring are required to sign up to pay by either Direct Debit or Household budget. As an additional measure to prevent early arrears, new tenants are required to pay two weeks rent in advance to cover the set up period.

All accounts are monitored on an ongoing basis and new arrears are addressed promptly with tenants in order to prevent further arrears accruing.

Section 53 of the Housing (Miscellaneous Provisions) Act 2014 provided for the deduction of rent at source from Social Welfare payments. This would guarantee the payment of rent, prevent the accrual of arrears and also ensure that rescheduling agreements would be maintained. This section of the Act has not been transposed.

High Arrears Cases:

High arrears cases are closely monitored by management to ensure that they are either in a payment plan or subject to legal proceedings. Of the 41 accounts with the highest arrears, 29 are currently in the legal process, 10 are in agreements and 2 are subject to Possession Orders.

Sanctions for non-payment:

A clear rent account is required in order for a transfer application to be progressed. Where an applicant on the transfer list is in arrears, or arrears accrue subsequent to acceptance onto the list, the application will be deferred and no offer of housing will be made until such time as the arrears balance is cleared in full (The Allocations Officer can rule in exceptional circumstances in accordance with 2.7.2 of DCC's Allocations Scheme).

Only emergency maintenance will be carried out on properties where the account is in arrears unless a repayment plan is being adhered to.

The ultimate sanction of repossession will be necessary in cases where it is established that there is wilful disregard of the obligation to pay.

Other initiatives:

- When seeking an Order for Possession in future, a District Court Decree will also be sought for the recovery of the debt in full. Should a warrant for possession be executed, Dublin City Council can pursue the recovery of the debt under the terms of the decree.
- Files are being prepared to seek the recovery of RAS arrears by District Court Decree.
- Collaboration with MABS: Rent section will continue to work with MABS to engage tenants in rescheduling agreements.
- An in-depth analysis of all accounts in arrears will be carried out to identify the nature of debit (i.e. non-payment/retrospective debits), ability to pay and household circumstances. The findings will be used to inform future strategy.
- The UK has had positive results from the application of "Nudge"¹ theory (using positive reinforcement and indirect suggestion to influence behaviour and decision making) to the recovery of rent arrears. A UK project² delivered positive outcomes from the use of automated SMS/e-mail messaging to send reminders of payment dates, thanking tenants for payments etc... A new housing IT system is being rolled out that will facilitate this form of automatic messaging.
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¹ Thaler, Richard H., and Cass R. Sunstein. Nudge. Penguin, 2009

² https://www.capitaproperty.co.uk/media/2666/2017_02_the-nudge-report_hi-res.pdf

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