



## Report to the Finance Strategic Policy Committee

### Rent Collection and Arrears Recovery Update 17/11/2022

Further to the presentation made to the Finance SPC meeting held in January 2022 a commitment was given to bring an update to the Committee before year end. Set out below are year to date (end Oct.) figures on rent collection and arrears together with responses to the specific points raised at the previous meeting.

#### General:

- Dublin City Council has 25,159 rented tenancies
- Approximately 67,000 people reside in these tenancies
- The weekly average rent charge is €72.54

#### Receipts:

- Overall rent receipts increased by 23% from 2016 to end 2021
- A further increase is expected in 2022, with projected income to year end at €94.6M
- Collection rate based on the weekly rent charge is 94.1%

Year	Total receipts
2016	€75,783,682
2017	€78,329,356
2018	€81,548,171
2019	€86,085,697
2020	€90,896,920
2021	€93,288,484
Projected to end 2022	€94,600,000



#### Arrears 2022:

The rent arrears figure at w/e 31/10/2022 was €38.065M. It is projected that the end of year total rent arrears figure will fall below the corresponding 2021 figure (€37.9M).

Of the total number of tenancies (25,159) 17,108 / 68% are compliant while 8,050 / 32% are in arrears.

An analysis of rent accounts in arrears shows that 61% are paying over the rent charge and are in a performing agreement. In other words it is estimated that approx. €22.M of the €38.1M rent arrears is being addressed by tenants and those accounts are actively monitored by the Rents Section to ensure that agreements are maintained. For information, an average agreement would see a tenant paying their weekly rent with an additional €10 p.w. off arrears.

At this rate it will take a tenant many years to clear large rent arrears e.g. 20 years to pay €10,000, therefore, it will be some time before there is any significant impact on the overall arrears figure of €38M.

Of the balance of accounts in arrears where tenants are not in an agreement, the majority are making some irregular payments. The Executive Housing Officers in the Rents Section work with those tenants on an ongoing basis to encourage and assist them to progress to regular rent payments in the first instance and advance towards a payment plan to address any rent arrears in accordance with the Arrears Recovery Process.

Further statistics on rent arrears accounts are set out below for information.

#### Arrears per balance - bands:

Arrears band	Number of Accounts	% of overall accounts
€500 – 2,000	3,269	12.95%
€2,000 – €7,000	3,254	12.89%
€7,000 – €11,000	829	3.28%
€11,000 – €19,000	589	2.33%
€19,000 – €27,000	136	0.53%
€27,000 +	51	0.20%

#### Total income of households in arrears:

Total weekly income household	Number of Tenancies	Amount Owed in Arrears
€208 – 400	1,735	5,134,137.88
€400 – 600	1,981	7,481,863.93
€600 – 800	1,694	7,842,164.75
€800 – 1000	1,195	6,039,048.67
€1,000 – 1,500	1,432	8,242,558.01
€1,500 +	460	2,768,338.43

#### Responses to specific points raised at Finance SPC Meeting in January 2022

##### *The geographic spread of housing arrears in the city and a breakdown of same*

Area	Arrears	%	Number of properties	%
North Central	€7,700,236	20%	3,928	16%
South Central	€11,984,369	32%	7,540	30%
South East	€2,796,710	7%	3,468	14%
North West	€9,846,532	26%	6,344	25%
Central	€5,737,154	15%	3,879	15%

### ***Consequences of not paying rent:***

When signing a Tenancy Agreement, the tenant assumes legal responsibility for the payment of the correct rent charge on a weekly basis. The Executive Housing Officers work in a systematic way through all rent accounts in arrears within their designated geographical area on a case by case basis using the Arrears Recovery Process.

The [Housing \(Miscellaneous Provisions\) Act 2014](#) provides the legislative framework for pursuing tenants who are in breach of their rent obligations. Dublin City Council uses this legislation where appropriate. The Arrears Recovery Process is based on the legislation and this formal process is supplemented throughout with less formal efforts to engage via normal communications channels. The process can be summarised in four stages as follows:

1. Early interventions - 1<sup>st</sup> and 2<sup>nd</sup> warning letters
2. Broken Agreement/3<sup>rd</sup> warning letter and advance to formal legal proceedings
3. Tenancy warning issued
4. Application for Order for Possession made to District Court.

Dublin City Council initiates legal proceedings against tenants on a case by case basis. Legal action is only taken when all other options in the Arrears Recovery Process have been exhausted i.e. in cases of complete failure to engage or persistent broken agreements. As a last resort Dublin City Council makes an application to the District Court to seek an Order for Possession of the property.

The legislative process for arrears recovery ensures that due process is afforded to the tenant and that ample time is provided for the tenant to avail of the necessary supports to prevent them losing their home. A tenant may enter into an agreement at any stage of the process. Dublin City Council is very conscious of the traumatic and detrimental effect losing a home can have on individuals and especially families. We do everything in our power to avoid this course of action but unfortunately in some cases we are left with no other option.

In tandem with the Arrears Recovery Process there are other consequences for tenants in arrears. Where a tenant has made an application for a housing transfer and subsequently falls into arrears, no 'time on the list' will accumulate for the period that the account is in arrears. Applications for transfers from tenants in arrears will not be considered. Only emergency maintenance / repairs will be carried out on properties in arrears unless an agreement is being maintained for at least three months.

The current status of legal proceedings is:

- 120 files with Law Department, 84 court dates secured for Dec 22/Jan 23
- 13 live Orders for Possession, 2 evictions carried out
- 6 cases that were issued with Orders for Possession were settled – lump sum payments totalling €35,500 received plus weekly agreements being adhered to.

### ***When do the consequences start for non-payment of rent and comparisons within the private rental sector***

In general, the Arrears Recovery Process set out above becomes operative once a tenant exceeds €500 rent arrears and a case file is opened by the relevant Executive Housing Officer in the Rent Arrears Section, having regard to the circumstances of the individual case.

The process for terminating a tenancy on the grounds of rent arrears in the private rental sector is set out in [Section 12 of the Residential Tenancies and Valuation Act 2020](#). This

[six-step](#) process commences with the landlord issuing formal written notice to tenants and the RTB and following up with a Notice of Termination. If a tenant refuses to adhere to a termination notice (overholds) or other dispute arises the landlord can apply to the RTB for a Determination Notice. An application must be made to the District Court to give effect to a Determination Notice issued by the RTB.

The private rental sector does not have the same obligations to take into account socio economic factors that are prevalent among social housing tenants in arrears. Dublin City Council provides additional supports to tenants who may have fallen into arrears due to financial circumstances or family situations that impact on their ability to pay. Every effort is made to work out a rescheduling agreement in cases of genuine financial hardship or other welfare concerns with referrals to MABS and DRN (Debt Relief Notice) option where appropriate.

### ***What are other Local Authorities doing differently?***

All Local Authorities are governed by the [Housing \(Miscellaneous Provisions\) Act 2014](#) when pursuing breaches of rent obligations. The Dublin Local Authority Rents Network is a group rent practitioners from the four Dublin authorities who meet once per month. This network provides a forum for discussion and sharing of information and experiences across the Dublin authorities. The consensus among the group is that the four local authorities are facing similar challenges regarding the collection of rents. As all Local Authorities are governed by the [Housing \(Miscellaneous Provisions\) Act 2014](#), all must follow a set approach when pursuing breaches of rent related obligations.

### ***What the new Housing IT System can deliver regarding tenant balances***

A new self-service online rent account balance enquiry facility will be available via Dublin City Council's Citizen Hub from December 2022.

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