



Simon Communities in Ireland

Submission to the Review of Rent Supplement Limits

April 2013

Context

The Irish rental market has seen a change since 2011, with rents beginning to rise for the first time since the property crash and less properties available to rent. With the building of new Social Housing having reached a standstill, the private rental market is becoming the only housing option for more and more people, especially for those on housing waiting lists. A recent research paper by Finnerty and O'Carroll (2012), entitled *From Ladders to Snakes? Housing Poverties and Vulnerabilities in Contemporary Ireland*¹, looks at the housing options available to low income and vulnerable households and the pathways into different tenure types. Their findings indicate changes in the Irish Housing market, including cutbacks in social housing provision, and the collapse of the property market, mean that the private rental market, often seen as a temporary measure, will now become a long term accommodation option for many.

The Governments Homelessness Policy Statement launched in Feb 2013 endorses a housing led approach with the main focus being:

- Supply – Availability and supply of secure, affordable and adequate housing along with appropriate facilities and supports.
- Prevention – Effective action to prevent the occurrence or recurrence of homelessness.
- Support – Foster a culture that promotes independent living with supports as appropriate.

'In an Irish context, housing-led is about the rapid provision of secure housing, with support as needed to ensure sustainable tenancies' (Homelessness Policy Statement; 2013; p2).

In addition, the Statement commits to ending Long Term Homelessness by 2016. We are very supportive of the Governments' Policy Statement and the commitments contained therein but continue to ask the question as to where the housing will come from. We in Simon are doing all we can. We are opening up new services, sometimes without Government funding, and we are developing new ways of providing housing with support for people who are homeless. The Private Rented Sector has proved to offer a route out of homelessness for some, once the appropriate support has been provided. Threshold's Access Housing Unit in Dublin and Cork are dependent on the Private Rented Sector to source accommodation for people who are homeless. In 2011 the Dublin Access Housing Unit housed 111 people directly in private rented accommodation².

In the current climate, in the absence of social housing alternatives, Private Rented options are becoming more and more important.

¹ O'Connell C & Finnerty, J (2012) *From Ladders to Snakes? Housing Poverties and Vulnerabilities in Contemporary Ireland*. Presentation at the NUI Galway Conference 'Contemporary Housing Issues in a Changing Europe' 20th & 21st April 2012

² Threshold Annual Report 2011: *Preventing and Ending Homelessness*

When the review of rent supplement took place in 2011, the Department of Social Protection argued that the stabilisation of rents since the end of 2009 may be as a result of *pricing floors available to landlords in the form of rent supplement limits*.³ It was argued that this was one of the reasons why rent supplement limits were reduced from the 1st January 2012. We have yet to see any evidence to support this.

Current Rental Market

Since the introduction of the revised limits in January 2012, the rental market has changed. Rents started to increase during the last quarter of 2011 and continued to rise throughout 2012, especially in the major cities. The gap between rents in urban and rural areas has been widening over the last few quarters. The DSP used data from Daft.ie and CSO to ascertain the market trends and current asking prices in their review in 2011. According to the latest Daft report for Q4 2012⁴, rents nationally were 2.2% higher than in the same period one year previously. Rents in Dublin were 4.9% higher in the year to end of December while they were 0.5% lower in more rural parts of the country. Rents in some of the other major cities outside of Dublin also continued to increase during the year to December 2012. There has also been a marked reduction in the number of properties available to rent; as of 1st February 2013, there were just 12,000 residential properties to rent nationwide. This is the lowest figure in five years⁵. With the ever decreasing supply of houses available to rent, it appears the rate of rents will continue to increase, especially in the major cities. This will have the biggest impact on people living on limited income striving to find suitable accommodation within their tight budgets.

Impact of Lower rent limits on Simon Service Users

People using the services of Simon Communities around the country are experiencing difficulties in meeting their monthly rent payments due to the reduction of the rent caps. (See Appendix for examples of individual cases)

- **Availability of accommodation within Rent Limits:** Over the period since the introduction of the new rates people moving out of homelessness are finding it extremely difficult to source accommodation of decent quality within the limits. In some areas even accommodation that was of lesser quality was still outside the rent limits for that area. This is leading to some people attempting to ‘top-up’ from already stressed incomes to cover their monthly rent payments, leaving very little to cover payment of other bills. For example average rent for one bedroom in Cork is €620-€650 per month while rent cap is €450. In Galway, rent cap is also €450; most one bed accommodation is between €500 and €600 per month⁶. This is the scenario in the five major cities and in the many of the major towns around the country.

³ The Daft.ie Rental Report, 2011 in Review www.daft.ie

⁴ <http://www.daft.ie/report/Daft-Rental-Report-Q4-2012.pdf>

⁵ <http://www.daft.ie/report/Daft-Rental-Report-Q4-2012.pdf>

⁶ <http://www.daft.ie/report/Daft-Rental-Report-Q4-2012.pdf>

- **Urban/rural divide:** Some of the Simon Communities have reported that the rental divide between urban and rural areas is of great concern. Some of the people Simon Community work with are in need of support services which are generally based in larger towns or cities. People are finding it difficult to source accommodation, especially one-bedroom accommodation, in these areas and have to move further away from the towns, and hence essential services and supports, to find accommodation.
- **Communication of changes:** Little or no information was given to tenants about changes in rent supplement limits and what this would mean for their tenancy. Service Users were only made aware of these changes, either by a letter from their local CWO stating the new limits and in some cases a list of alternative accommodation, or when reduction of payment was shown on remittance slip.
- **Negotiation:** The onus has been on tenants to negotiate new rent with their landlords or seek new accommodation within the new limits. This is proving extremely difficult as vulnerable people may not be in a strong position to negotiate rents and are doing ‘under the table’ deals with their landlords just to keep a roof over their heads. This is leading to a ‘black market’ in rents.
- **Age Related Social Welfare:** The problem has an even bigger impact on people on age related social welfare payments, that is those under 25 years of age that are not in education or labour market training. People in this age cohort using Simon Community services around the country find it extremely difficult to find accommodation within the rent limits, and with the increased contribution rate are spending more of their income on rent, leaving little or nothing left to pay other bills.
- **One Size Does Not Fit All:** One community has reported that rent supplement has been discontinued for two people they work with who have returned to college to attain a third level qualification. This is having a negative impact on both these people who feel they have no choice but to discontinue their course as it is financially and emotionally challenging.

Other NGO’s, such as Threshold⁷ and Focus Ireland⁸, working with people who are homeless and working with people on low income have also reported the difficulties people they work with are having in sourcing accommodation within rent limits and have to ‘top-up’ their rent so they can stay in their home. The Access Housing Unit in Cork reported a decrease in the number of properties available under the rent caps in February 2013. There were only 24 properties available under the rent cap for Cork compared to 73 six months previously. It was also reported that many of the properties available were of much lower standard of accommodation than the hostels, especially for single people⁹. The Irish Times reported that more than 90% of bedsits inspected in Dublin City have been deemed unfit for habitation. Of the 1,500 flats inspected by Dublin City Council, 1,400 did not meet the legal standards for private rented accommodation¹⁰. It is evident these rates are preventing people moving out of homelessness and putting more people at risk of becoming homeless by unable to afford their rent or by having to live in substandard accommodation.

⁷ Senator Aideen Hayden (also on board of Threshold) in Seanad Debate 04/07/12. www.oireachtas.ie

⁸ Out of Reach: Impact of changes in Rent Supplement 2012 www.focus.ie

⁹ Access Housing Unit 6 Monthly report, March 2013, presented at a meeting with Cork Homeless Forum and attended by Cork Simon

¹⁰ <http://www.irishtimes.com/news/social-affairs/dublin-bedsit-bltz-finds-over-90-of-flats-do-not-meet-basic-standards-1.1373158>
26/04/13

Our Asks

We at Simon Community understand that the purpose of the rent supplement scheme is only to provide short-term support to people living in private rented accommodation on fixed or low income and not to act as an alternative to the other social housing schemes. However, it has become a vital source of income for families and individuals to survive.

We ask the Department of Social Protection

- To consider the impact the reduced rent limits have had and continue to have on the most vulnerable people in society, preventing people from moving out of homelessness and putting more people at risk of homelessness as they struggle to pay rent.
- To consider the emerging trends in the private rental market at present; i.e. rents are increasing, the gap between urban and rural rent is widening and availability of rental property, especially property within rent limits, is decreasing.
- Increase rates in urban areas so that they are in fact a true reflection of the current rental market and assessed in a fair and equitable manner so as no person dependent on rent supplement is in danger of losing their home or faces undue hardship. Rates in rural areas should not be reduced any further.
- A higher rate of rent supplement is made available for people moving out of homelessness especially long-term homelessness, so they can access good quality accommodation of minimum standards, which will be more effective in preventing recurrence of homelessness.
- Rent supplement applications should be reviewed on a case by case basis. A person's circumstance and the various supports that they may require should be taken into consideration when application is being reviewed.
- Make no further increases to the minimum contribution. The increase in this contribution has led to a decrease in the number of people eligible for rent supplement but who may still be struggling to pay their rent and are putting them at risk of homelessness.
- Inform CWO's of any changes to maximum rent limits and pass this information to rent supplement recipients in a clear and timely manner.
- DSP and DECLG follow through, sooner rather than later, with their commitment on transferring rent supplement to Housing Assistance Payment.
- To consider a social rental model ('RAS Plus') targeted at long-term homelessness and those with complex needs similar to Cork Rentals and Housing Support Partnership¹¹, where provisions are made for approved housing bodies to take on landlord responsibilities within pay and availability arrangements.

¹¹ This partnership was established by Cork Simon, Focus Ireland and St. Vincent de Paul aimed at offering people who are currently homeless or at immediate risk of homelessness the opportunity to secure quality and affordable accommodation.

Simon Communities in Ireland

The Simon Communities throughout Ireland provide the best possible care, accommodation and support for people experiencing homelessness and those at risk. Together, with people who are homeless, we tackle the root causes, promote innovative responses and urge the government to fulfil their commitments. Simon delivers support and service to between 4,500 and 5,000 individuals and families throughout Ireland who experience – or are at risk of – homelessness. The Simon Communities of Ireland is an affiliation of local Communities in Cork, Dublin, Dundalk, Galway, the Midlands, the Mid West, the North West and the South East.

Services range from

- **Housing provision, tenancy sustainment & settlement services, housing advice & information services** helping people to make the move out of homelessness & working with households at risk;
- **Specialist health & treatment services** addressing some of the issues which may have contributed to homelessness occurring or may be a consequence;
- **Emergency accommodation & support** providing people with a place of welcome, warmth & safety;
- **Soup runs & rough sleeper teams** who are often the first point of contact for people sleeping rough.

For further information contact

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Appendix 1

Case Studies of Impact of Lower Rent Limits on Simon Community Service Users

- **‘Top up’ of rent:** Properties viewed by staff in Galway Simon Community with Service Users each week during the months of January and February 2013. On average there was just one property advertised in Galway city within the rent cap of €450 per month. Most options are between €550 and €600 per month. This is leaving people with no option but to ask the landlord to alter the amount of rent they are charging tenant on the rent supplement form. The tenant must ‘top-up’ from their social welfare payment to meet the difference. This means that tenants are making a weekly contribution of between €63 and €69 from social welfare payments. This is having serious knock on effect on the ability people have to pay electricity bills, money to spend on food and clothes and to engage in social activities or to meet unexpected expenses.
- **Urban/Rural Divide:** Client in Clonmel with Mental health and addiction issues looking for private rented accommodation could only source one within the rent limits for Tipperary 8 miles outside of Clonmel. There is a limited bus service in this area. This meant that he had a limited time to fit in his appointments with mental health and addiction. He could not take up training opportunities as there was no bus service that would get him in and out on time. He also was away from the supports he would have had in his community of origin.
- **Age Related Social Welfare:** Service User in Ennis (19 year old male) currently seeking to have his child taken back from care. He is on the lower payment because of his age. Until he gets his child back from care he will not be entitled to the single person with child rent limit and is restricted to the single limit of €350 for Clare. The supply of properties within these limits is extremely scarce in Clare and the demand for them is overwhelming. He cannot afford to ‘top-up’ as he is on lower age-related benefit.
- **Communication of Changes:** Client living in private rented accommodation for 3 months received letter from local CWO advising tenant to talk to landlord regarding new rent limits. No date was given when changes in amount of rent supplement would be made. Also attached was list of new rent allowance limits per area. Tenant was also advised to contact Threshold as they helped her locate current accommodation. Client has agreed with landlord to pay extra amount.
- **Negotiation of Lower Rent:** Client received a letter from CWO stating that rent allowance will be reduced to €475. A form was attached for the landlord to fill in a new rent renewal form. CWO informed SLI worker that tenant would need to ask landlord to reduce rent to €475 as this was the new cap. Client was also informed if landlord did not reduce rent that client would need to move out. Landlord would not reduce rent.
- **One Size Does Not Fit All:** Two clients enrolled in college courses. Both were in receipt of disability allowance at that time and applied for and received rent allowance as they had returned to education. However, they were advised that it would be beneficial to transfer from BTEA to their Disability payment plus SUSI grant they didn’t realise that by doing this they were no longer entitled to their rent allowance. This error was not noticed by the relevant authorities until now and DSP are

seeking repayment of the total amount paid. One of the students is unable to live with other students as they are in recovery from addiction. Both students have indicated that the loss of rent allowance will certainly result in them not continuing in third level education as they both find it extremely challenging financially and emotionally.