

Covering Note for Plenary Meeting (17.09.20) re 2020 Differential Rent Scheme

Introduction

Waterford City & County Council currently charges Council tenants rent based on the three Differential Rent Schemes that were in place in the Waterford city, Waterford county and Dungarvan town administrative areas prior to the merger of the three authorities in 2014.

Details of the three schemes, which will be replaced are set out in **Appendix 1**.

It is proposed to introduce a new Differential Rent Scheme which will apply to all Council tenants with effect from 2nd November 2020 - **the Differential Rent Scheme 2020 is attached in a separate document**

Principles of the new Differential Rent Scheme

The new scheme will operate on two basic principles;

- first that the household rent should be affordable, and,
- second that the household rent should increase on an incremental scale i.e. the more income received in the household the higher the percentage of rent should be charged.

Certain sources of income will not be assessed when calculating the household rent (see Paragraph 3 of the 2020 Differential Scheme for Disregarded Income)

The new Differential Rent Scheme will apply to all of the Council's tenants including tenants in RAS, HAP and Long-Term Leased properties.

Reckonable household income

The new differential rent scheme will be based on the total reckonable household income received by all persons in a household aged 18 years or over.

The household rent will be calculated based on a percentage of the income of the **principal earner** and of the income of any **subsidiary earner(s)** in the household. There will be no maximum rent for a household.

The Social Housing Support Household Means Policy (issued under Regulation 17 of the Social Housing Assessment Regulations, 2011) is being used to define what constitutes reckonable or non-reckonable income and is incorporated in the 2020 Differential Scheme document.

How the rent will be calculated?

Table 1 below shows the proposed income bands, rents calculated on a percentage of the principal earners income and the % applied based on a range of incomes.

Table 1

Income Range	Proposed Rent based on % of principal earners income
Up to €250	13
€251-€350	14
€351 - €425	15
€426 - €599	16
€600-€699	18
€700 - or more	20

The rent will be calculated based on the actual reckonable income and the relevant percentage based on the income ranges in table 1. When the rent has been calculated it will be rounded up or down to the nearest euro.

Table 2 shows the % of our current tenants' principal earners that are in the relevant income band.

Table 2

Income Range	% of individual in each Income Range
Up to €250	50
€251-€350	20
€351 - €425	13
€426 - €599	14
€600-€699	2
€700 - or more	1

Table 3 shows the impact of the 2020 scheme on current principal earner income and a comparison of the former City, County & DTC rent schemes for a principal earner.

Table 3

Income Range of Principal Earner	Average Income	2020 Scheme	City	County	DTC
Social Welfare Recipients	€203	€26	€16/€18	€25	€25
€204-251	€227	€30	€33	€25.00	€31
€251-€350	€300	€42	€48	€36	€46
€351-€425	€388	€58	€65	€53	€63
€426-€599	€512	€82	€90	€78	€88
€600-€699	€649	€117	€118	€105	€115
Greater than €699.20	€700	€140	€128	€116	€126

Housing Strategic Policy Committee (SPC) 17th July 2020

The draft Differential Rent Scheme was presented to the Housing SPC in July and detailed discussions took place regarding potential impact of the new scheme.

Members were advised that the Money Advice and Budgeting Service (MABS) had been asked to review the scheme. While MABS acknowledged the inequity across the 3 existing schemes which pre-date the merger (City Council, County Council and Dungarvan Town Council) they expressed some concerns about the ability of certain households to absorb the rent increase – it was agreed that individual cases could be looked at under the Hardship Clause (Section 4 of 2020 Scheme).

It was also agreed with members that any rent increase arising from application of the 2020 scheme would be capped at €7 euro for Year 1. Work will be ongoing in October to fully assess impact on individual households and the Council's Rents Team will engage fully with all tenants in relation to same.

Appendix 1 – Current Rent Schemes

How former Waterford City Council Area’s Rent Scheme is currently calculated

The rent of the dwellings let on differential rent will be determined on the basis:

Assessable weekly income of
Principal Earner

Up to and incl. €149.99: **€18**

Over and incl. €150.00 **€18**

plus 20% of any additional income over €150.00

Minimum rate for person whether in receipt of:

Old Age Pension (single rate) or One

Parent Family Allowance (with one child)* **€18**

Single person in receipt of basic welfare

payment for one adult* **€18**

*Since the last Rent Assessment if the principle earner has secured part-time employment and remains in receipt of a Social Welfare payment then the rent will be calculated as follows:

The social welfare income is calculated as above and the income from employment is calculated at 15% of income received or €20.00 whichever is the lower.

The amount of €1.00 shall be deducted from the assessed rent for each child of 16 years or under, or who is attending a full time course of education and is wholly or mainly maintained by the principal earner.

Subsidiary Earners:

After the rent payable in respect of the principal earner has been determined, the rent payable on the income of each subsidiary earner shall be added, as follows:

All subsidiary earners are to contribute 10% of their net income – limited to €20.00 per week.

Where there is no change in a households income circumstances then any rent increase shall not exceed €8.00.

If the households combined net income has increased by €60.00 or more then a standard increase of €8.00 will be added to the previous calculated rent.

There shall be no increase in the weekly rent where there is a negative change in household income circumstances in comparison to the previous Rent Review income declarations.

How former Waterford County Council Area Rent Scheme is currently calculated.

The rents on dwellings let on differential rent will be determined as follows:-

€20.00 rent for the first €221 of net weekly income plus €0.20 per Euro thereafter, less allowance of €2.00 per child.

For each subsidiary earner in the household, one seventh of the net income exceeding €35.00 will be added subject to a maximum contribution of €17.00 for each subsidiary earner.

The minimum rent listed below will apply to assessable Household Income to or less than €221 net.

Living alone on Social Welfare	-	€25.00
Demountable	-	€14.50
2 Bedroom	-	€25.00
3 Bedroom	-	€25.00

How former Dungarvan Town Council Area Rent Scheme is currently calculated.

The rents on dwellings let on differential rent will be determined as follows:-

€25.00 rent for the first €196.00 of the nett weekly income plus €0.20 per Euro thereafter, less allowance of €0.20 per child.

For each subsidiary earner in the households, €12.00 on the first €196.00 thereafter 20% on the balance subject to a maximum contribution of €19.00. For each subsidiary earner in the household in receipt of social welfare to the amount of €100.00 per week a charge of €6.00 will apply.

A minimum rent of €25.00 is in place.