

Local Authority Rent Arrears

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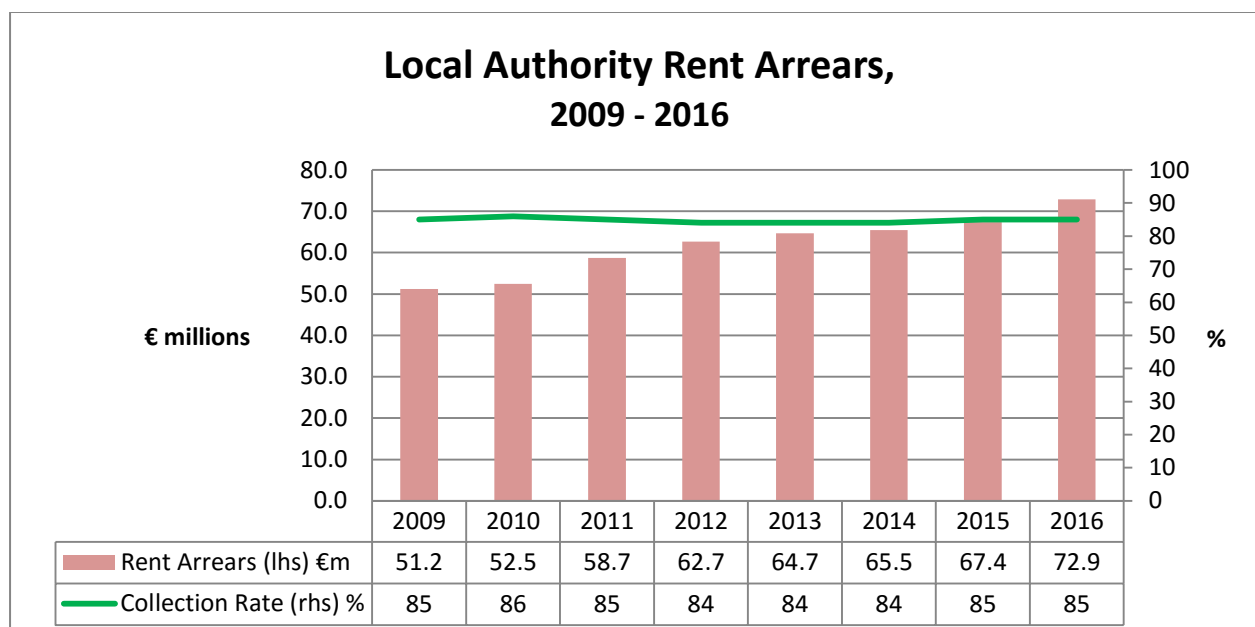
Key Point

Local Authority rent arrears amount to €73 million, of which €37 million are in Dublin¹.

Background

A total of €435m in Local Authority rent is projected for collection across all 31 Local Authorities in 2017². The collection rate of Local Authority housing rental income is circa 85 per cent across the country. Rental arrears at the end of 2016 across the 31 Local Authorities amounted to almost €73m. See figure 1.

Figure 1



(Sources: Dep. of Housing and Local Authority *Annual Financial Statements*)

Figure 1 shows that while the rate of collection throughout the country has been stable over recent years (circa 85pc), the absolute amount of arrears has increased year-on-year since 2009. There has been an increase in arrears of €21.7m or 42 per cent between 2009 (arrears of €51.2m) and 2016 (arrears of €72.9m). The number of rented Local Authority houses increased by 20,947 (17.4pc) between 2009 and 2016 from 120,557 to 141,504³.

Position in Dublin

The four Dublin Local Authorities have approximately 33 per cent of the Local Authority rented housing stock in the State. Between the four Dublin Councils, €138.6 million in LA housing rent was

¹ Relates to cases more than 12 weeks in arrears.

² [Local Authority Finances.com](http://LocalAuthorityFinances.com) (See 'Download Raw Data')

³ These figures are sourced from the Department of Housing, Planning and Local Government.

collected in 2016. This is an increase of 3.8pc or just over €5m relative to 2015. Revenue increased by 6pc in Fingal – the largest percentage increase in Dublin - to €19.9m. See table 1.

Table 1

Rent from Local Authority Houses - €m				
	2015	2016	Y-on-Y	Y-on-Y
	€m	€m	Change	Change
			€m	%
Dublin City	77.5	80.3	2.8	3.6
Dún Laoghaire Rathdown	14.8	15.6	0.8	5.5
Fingal	18.8	19.9	1.1	6.0
South Dublin	22.4	22.7	0.3	1.4
Total	133.6	138.6	5.0	3.8

(Source: Annual Financial Statements 2016)

In 2017, €136.5 million in LA housing rent is projected for collection in Dublin. Dublin City Council is expected to collect the highest amount of rental income at €79m, followed by South Dublin (€23m), Fingal (€20m) and Dún Laoghaire Rathdown (€15m).

The average monthly rent of €271⁴ in Dublin City Council is approximately 15pc of average market rent in the city, and 23pc of the average rent nationwide⁵.

Rent Arrears in Dublin

There was over €36.6 million in aggregate local authority housing rent arrears in the four Dublin local authorities (hereafter Dublin) in 2016. On an annual basis, rent arrears have increased the most in Dún Laoghaire Rathdown County Council – rising by 15.9% or €0.6m to €4.06m. Rent arrears increased by €2.7m (7.8 per cent) in 2016 compared with 2015. See table 2.

Table 2

Rent Arrears in Dublin, 2015 & 2016				
€ millions				
	2015	2016	Change €m	% Change
Dublin City	20.5	22.5	2.0	10.0
Dún Laoghaire Rathdown	3.5	4.1	0.6	15.9
Fingal	2.1	2.3	0.2	9.1
South Dublin	7.9	7.7	-0.1	-1.6
Total	33.9	36.6	2.7	7.8

(Source: Annual Financial Statements 2016)

⁴ Based on average weekly rent of €62.70 for Q2 2017 as provided by Dublin City Council.

⁵ Daft.ie rental report for Q2 2017, available at <https://www.daft.ie/report/2017-Q2-rentalprice-daft-report.pdf>

Number in Arrears

Table 3 shows the number of tenancies in rent arrears in Dublin as of the end of Q2 2017.

Table 3

No. of Local Authority Tenancies in Rent Arrears in Dublin (as of Q2 2017)							
	Total Tenancies	Not in arrears	In arrears	Arrears 0 - 12 weeks	Arrears 12 weeks or more	Arrears 1 - 2 yrs	Arrears > 2 yrs
Dublin City	23,899	10,829	13,070	6,893	6,177	1,460	712
Dún Laoghaire Rathdown	4,240	987	3,253	2,059	1,194	NA	NA
Fingal	5,565	2,242	3,323	2,254	1,069	126	42
South Dublin	11,311	5,518	5,793	2,453	3,340	718	744
Total	45,015	19,576	25,439	13,659	11,780	2,304	1,498

(Sources: Dublin Local Authorities)

Key Points:

- A quarter of Local Authority tenancies (11,870 or 26 per cent) across Dublin are in rent arrears to the value of more than 12 weeks rent. Forty-three per cent of tenancies (19,576) are not in arrears. Over half (57 per cent) of all tenancies are in arrears.
- The number of tenancies in arrears as a share of total tenancies is highest in South Dublin with 3,340 or 30 per cent in arrears more than 12 weeks. The second highest share is found in Dún Laoghaire Rathdown with 1,194 or 28 per cent, followed by Dublin City with 6,177 or 26 per cent, and Fingal with 1,069 or 19 per cent.
- Of the three Councils showing arrears greater than 2 years, 12.8 per cent of arrears in South Dublin amount to more than 2 years rent, followed by 5.4 per cent in Dublin City, and 1.3 per cent in Fingal.

Amount of Arrears

Table 4 shows the value of rent arrears in Dublin as of the end of Q2 2017.

Table 4

Amount of Local Authority Rent Arrears in Dublin (as of Q2 2017)			
	> 12 weeks	1 - 2 years	> 2 years
	€	€	€
Dublin City	23,071,782	7,943,194	6,860,179
Dún Laoghaire Rathdown	4,219,899	:	:
Fingal	2,611,553	562,299	421,304
South Dublin	7,842,506	2,524,769	2,685,945
Total	37,745,740	11,030,262	9,967,428

(Sources: Dublin Local Authorities)

Key Points:

- Based on the industry standard of 3 months’ rent arrears, there was €37.7 million in outstanding rent in Dublin in Q2 2017.
- Of the total arrears, 29 per cent are between 1 – 2 years in arrears, and 26 per cent are more than 2 years in arrears.
- Average arrears by Local Authority with greater than 12 weeks arrears:
 - Dublin City = €3,735 (equivalent of 14 months of average monthly rent)
 - Dún Laoghaire Rathdown = €3,534 (equivalent of 13 months of average monthly rent)
 - Fingal = €2,443 (equivalent of 9 months of average monthly rent)
 - South Dublin = €2,348 (equivalent of 13 months of average monthly rent)

Addressing Rent Arrears

It is Dublin City Council’s policy to apply retrospective debits to accounts where there has been an under-declaration of household income/occupants, and this is the primary reason accounts have large debit balances. Rent is assessed on household income and it is the responsibility of the tenant to keep the Council informed of any changes to income or family composition. The highest proportion of current arrears in Dublin City Council was incurred in 2009 following retrospective assessments of income/occupants which brought previously undeclared income to attention. An early intervention system now operates in the Council which warns tenants when their accounts are in arrears. Tenants receive a quarterly statement to inform them of their rental balance and any outstanding arrears.

Taking accounts of retrospective debits, the collection rate of accrued rent in the Dublin Councils was between 96 and 100 per cent in 2016. This highlights a strong performance in the collection of rent charges last year.

Conclusion

The Local Government Efficiency Review Group (July, 2010) recommended that social housing rents should be deducted directly from social welfare payments “to reduce overheads associated with revenue collection in this area and to substantially reduce arrears, as well as to streamline processes for local authority tenants and avoid accumulation of arrears”⁶. The Group also recommended that this should be a condition of new tenancies. Section 53 of the Housing (Miscellaneous Provisions) Act 2014 provides for the deduction of local authority rents and rent arrears from social welfare payments. However, this section of the Act has not been applied.

⁶ [Report of the Independent Local Government Efficiency Review Group](#) (July, 2010)