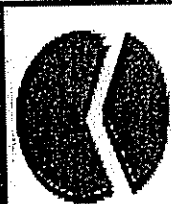


# **COMBAT POVERTY AGENCY**

**Submission to the Commission on the  
Private Rented Residential Sector**

**NOVEMBER 1999**

**Combat Poverty Agency**  
*working for the prevention  
and elimination of poverty*



## 1 Introduction

In making this submission to the Commission on the Private Rented Residential Sector, the Agency is fulfilling its statutory responsibility to advise government and government appointed bodies on all aspects of social and economic planning in relation to poverty.

This submission firstly outlines the role of the Combat Poverty Agency and then goes on to:

- Set the policy context for the Commission with reference to the National Anti-Poverty Strategy, and the introduction of Poverty Proofing for policy development.
- Reviews the manner in which private rented housing has become a component part of social policy over the decade and sets out the relationship between poverty and private rented residential housing in 1999.
- Considers the future of SWA rent allowance and makes a limited number of recommendations to the Commission in this regard
- Details other recommendations toward obtaining a significant improvement in the subsidised housing of private tenant households

## 2 The Combat Poverty Agency

The Combat Poverty Agency is the state agency which works for the prevention and elimination of poverty and social exclusion and for the reduction of inequality in Ireland by striving for change which will promote a fairer, more just, equitable and inclusive society.

Established in 1987, its role is to advise and make recommendations to government on all aspects of economic and social policy in relation to poverty in the state. The Agency's role is also to initiate measures aimed at overcoming poverty; to examine the nature, causes and extent of poverty and to promote the greater understanding of poverty. The Agency provides a statutory centre of expertise on policy and practice to tackle poverty and social exclusion.

The Agency has an established track record of research, policy development and advice in the arena of housing policy. In particular the Agency has maintained a strong commitment to improving the welfare aspect of housing provision in Ireland and has a particular interest in the role of the private rented sector in this regard<sup>1</sup>.

The Agency welcomes the opportunity to make a submission to the Commission on the Private Rented Residential Sector and believes that the Commission's findings and recommendations will have a key role in the future development of this housing tenure.

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<sup>1</sup> For example see: Mills, F (et. al) (1991) *Scheme of Last Resort? a review of Supplementary Welfare Allowance*, Combat Poverty Agency; Combat Poverty Agency (1996) *Submission to the Interdepartmental Committee on the transfer of the administration of SWA rent and mortgage supplementation to local authorities*; Nolan, B, Whelan, C.T., and Williams, J. (1998) *Where Are Poor Households?*, Combat Poverty Agency; Guerin, D. (1999) *Housing Income Support in the Private Rented Sector – a survey of recipients of SWA rent supplement*, Combat Poverty Agency.

### 3 The Policy Context for the Commission on the Private Rented Residential Sector

#### (a) the National Anti-Poverty Strategy and Housing

The National Anti-Poverty Strategy (NAPS) was launched by government in April 1997<sup>2</sup>. It represents the principal government instrument to confront poverty and is an important attempt to bring a strategic approach to tackling the underlying causes of poverty and social exclusion.

The strategy has set targets for the measurable reduction of poverty in key target areas, has put in place mechanisms for ensuring that all policies are tested for their impact on poverty (poverty proofing) and that the strategy is applied initially across the entire civil service and then more broadly into other sectors (see (b) below).

To this end, the government has established a Cabinet Committee on Social Inclusion, a NAPS unit in the Department of Social, Community and Family Affairs, NAPS liaison officers in each department and an inter-departmental policy committee (IDPC) meeting quarterly.

Tackling urban disadvantage is one of the five key target areas of the NAPS. The original overall objective in relation to urban disadvantage is:

‘to bring about sustained social and economic development in disadvantaged areas in order to improve the lives of people living in disadvantaged areas, by empowering them to become effective citizens, improving the quality of their lives, helping them to acquire the skills and education necessary to gain employment and providing them with employment opportunities<sup>3</sup>’

While housing is not explicitly mentioned in this overall original objective, the NAPS target on urban disadvantage seeks to:

‘reduce the numbers of people suffering the greatest deprivation ... by increasing their standard of living and providing opportunities for participation thus significantly reducing the measured indicators of disadvantage in the area<sup>4</sup>’

To this end the NAPS includes actions in the development of future policy on urban renewal and the role for tax incentive or grant-based urban renewal programmes in urban disadvantaged areas. Also included are actions to develop estate management policies on community development principles, as well as providing more participative and effective housing management for local authority housing stock. The NAPS goes on to specifically nominate the quality of housing and the built environment in disadvantaged urban areas as a central element in determining the quality of life and standard of living of people living in these areas<sup>5</sup>.

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<sup>2</sup> Government of Ireland (1997) *Sharing in Progress*, The National Anti-Poverty Strategy, Stationary Office, Dublin

<sup>3</sup> *Ibid.*, pp16

<sup>4</sup> *Ibid.*, pp16

<sup>5</sup> *Ibid.*, pp17

Subsequently, in its first annual report on the NAPS<sup>6</sup>, published in June 1999, the inter-departmental policy committee (IDPC) focused in greater detail than previously on the relationship between housing and poverty.

It recognised the impact of rapidly rising private house prices as the key driver behind the collapse of open market house price affordability for low-income households, and the consequent increased rate of application for local authority housing. It also recognised the crucial role the private rented residential sector plays as an immediately accessible housing tenure for households with a significant risk of poverty<sup>7</sup>. In other words, during the 1990s, private rented accommodation has become an integrated part of social housing provision and social welfare policy via housing income support<sup>8</sup>, and this should be a key focus for the Commission.

Secondly, the Cross-Departmental Team on Homelessness was established in the second half of 1998 by the Cabinet Committee on Social Inclusion. Its remit is to develop an integrated response to homelessness, covering such issues as emergency, transitional and long-term responses as well as secondary issues which have a particular effect on homeless people, including health, education, employment and homemaking. The role of the private rented sector in meeting the needs of homeless persons is likely to figure strongly in the development of an integrated response to homelessness.

Thirdly, the NAPS itself is currently undergoing review and since June 1999 has adopted revised new targets for the reduction of the number of people in long-term consistent poverty, unemployment and especially in long-term unemployment. In addition, new target areas as well as actions that reflect emerging poverty-related issues since the original formulation of the NAPS are now under consideration by the inter-departmental policy committee.

The future revision and development of new target areas for the NAPS forms an integral part of the negotiating agenda for the national agreement to replace Partnership 2000, and housing provision and consumption is likely to emerge as a key consideration. This should also ensure the emergence of a strong focus on the private rented residential sector as a housing tenure with a significant number of poor households.

Therefore, in the Agency's opinion, the Commission on the Private Rented Residential Sector should recognise the absolute necessity to include a focus on the following:

- the access to and choice of accommodation for rent supplemented tenant households;
- the security of tenure for rent supplemented tenant households;
- the housing conditions and standards of accommodation for rent supplemented tenant;

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<sup>6</sup> Government of Ireland (1999) *Social Inclusion Strategy*, Annual Report of the Inter-Departmental Policy Committee, Stationary Office, Dublin

<sup>7</sup> Ibid, pp22-27

<sup>8</sup> Supplementary Welfare Allowance Rent Supplementation.

- the current and future affordability of accommodation for rent supplemented tenant households;
- the information and advice needs of rent supplemented tenant households;
- the social support needs of rent supplemented tenant households;
- the overall quality of life of rent supplemented tenant households.

The Agency regards this focus as an imperative for the Commission and equal to the need to focus on supply-side and investment concerns at the middle to upper-end of the private rented residential market.

### **(b) Poverty Proofing and Policy Making**

Arguably one of the most significant anti-poverty measures of 1998 was the introduction of a system known as Poverty Proofing, whereby significant policy proposals are assessed at design and revision stage for their impact on poverty.

The NAPS IDPC initiated the development of a Poverty Proofing system and subsequently a Framework document within which the Poverty Proofing exercise would be carried out was agreed by the social partners in the context of Partnership 2000. Following a government decision in July 1998, Poverty Proofing was included as a requirement in the updated Cabinet Handbook for the preparation of memoranda for Government.

Poverty Proofing is defined in the Framework document as:

‘the process by which Government Departments, local authorities and State Agencies assess policies and programmes at design and review stages in relation to the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction’

The current Cabinet Handbook, issued in October 1998, requires that Memoranda for Government should, inter alia:

‘indicate clearly, as appropriate, the impact of the proposal for .... persons in poverty or at risk of falling into poverty, in the case of significant policy proposals’

The Poverty Proofing Framework includes two key areas of policy development that are of direct concern to the outcome of the Commission's work. These are:

- In designing policies and preparing Memoranda to Government on significant policy proposals
- In the preparation of legislation

Enhanced guidelines on the Poverty Proofing process are attached in Annex A of this submission. Under the requirement of these guidelines, the recommendations of the Commission should be poverty proofed<sup>9</sup>.

<sup>9</sup> An example of how this may be done is included in the supplement to Poverty Today (July/August 1999, no 44) focussing on the poverty proofing of childcare proposals in the context of the National Anti-Poverty Strategy.

#### 4 Private Rented Residential Housing, Poverty and Policy during the 1990s

Over the last decade the role of the private rented residential sector has changed dramatically and evidence is available that suggests the long-term post-war decline of the size of the sector is being reversed.<sup>10</sup> Paralleling this reversal of fortunes has been increased subsidisation of both the provision and the consumption of private rented housing during the 1990s, as well as legislation dedicated to improving the regulation of the sector.<sup>11</sup> Nonetheless, major issues remain outstanding relating to right of access and security of tenure, affordability, conditions and standards of accommodation, as well as difficulties obtaining compliance under the law regarding landlord registration and minimum standards of accommodation.

Notwithstanding this, both the risk and incidence of poverty in private rented residential housing is considerable. In 1994, 15.1 per cent of private tenant households were at risk of poverty at the 50 per cent income line. This rose to 34 per cent of households at the 60 per cent income line. In addition, the incidence of poverty for the housing tenure was found to be 8 per cent when expressed as a percentage of all households in 1994.<sup>12</sup>

Up to recently, the provision of private rented housing was supported via Section 23 tax reliefs on private residential investment. While heavily curtailed by Government in April 1998<sup>13</sup>, a declining number of incentivised investment opportunities remain. Nevertheless, demand for private rented housing is such that investment remains strong and has continued to bring a supply of newly built apartment stock to the residential lettings market.<sup>14</sup>

On the consumption side, the role of SWA rent supplement has ensured a subvention to private rental income for dwellings that have traditionally constituted the lower or budget end of the market.<sup>15</sup> While not mutually exclusive, it is predominately the latter type of dwelling that have become the loci for low-income and welfare dependent tenants whose housing needs might otherwise be met by social housing. This feature has meant that one major effect of the absolute decline in the availability of social housing over the decade has been to extend a social housing function to the lower-end of the private rented residential sector.

SWA rent supplementation now operates as a housing income support to an estimated 70,000 tenant households in a year, with numbers in receipt of housing income

<sup>10</sup> According to Labour Force estimates there were 124,900 households living in the sector in 1996, by contrast with 81,400 in 1991 (an increase of 53 per cent). A recent estimate given to the Combat Poverty Agency national policy seminar on housing income support put the total number of households at 300,000 to 350,000 in 1999.

<sup>11</sup> The Housing (miscellaneous provisions) Act, 1992 forms the legislative basis of the Charter For Rented Housing. The Charter has been introduced in phases over the period since 1992. The first phase incorporated minimum notice to quit period and abolition of distress and came into effect on 1<sup>st</sup> September 1992. In 1993 detailed regulations made under the 1992 Act provided for the right to a rent book and minimum standards of accommodation and came into effect on 1<sup>st</sup> September 1993 and 1<sup>st</sup> January 1994 respectively. The Finance Act of 1995 introduced a limited tax relief for tenants, subsequently expanded in Budget 2000 and regulations governing the registration of rented houses came into effect in May 1996.

<sup>12</sup> The two relative income poverty lines measure the risk and incidence of poverty for households with incomes at or below 50 and 60 per cent of average income. There is also a measure of the extent of deprivation for households in poverty which when combined with the 60 per cent income line found that 15.3 per cent of private rented tenants were in consistent poverty in 1994. For more details see Nolan, B., Whelan, C. T. and Williams, J. (1998) *op. cit.*

<sup>13</sup> Department of Environment and Local Government, (1998) *Action on House Prices*, Stationary Office, Dublin.

<sup>14</sup> See Bacon and Associates (1999) *The Housing Market: An Economic Review and Assessment*, Report to the Minister of Housing and Urban Renewal, Dublin.

<sup>15</sup> For example: bed-sits, flats and houses in multiple occupation.

support estimated in the region of 40,000 tenant households at any one time during 1998. Of these close to half (47 per cent) are in receipt of housing income support on a long-term basis for over twelve months. The cost of SWA subvention to private rental income in 1998 was £88 million and the estimated provision for 1999 has risen to £103 million.

This compares to 1994 when an estimated 28,800 tenant households were supported at a cost of £44.8 million. Therefore, while a greater number of households are now catered for by the scheme, the total number of recipients does not appear to have risen as much as expenditure over the period. Arguably this is primarily due to increased rental income derived from higher rents demanded across the sector as a whole since 1994 and the subsequent upward adjustment of minimum rates of subvention<sup>16</sup>.

Private rented housing at the end of the 1990s has now become an integral component part of social housing provision. This has been recognised in the 1999 local authority Assessment of Housing Need which for the first time was directed to provide separate information on the number of SWA tenant households assessed as being in housing need and eligible for local authority social housing<sup>17</sup>. Previously the majority of households in receipt of SWA rent supplement did not feature in the Assessment of Need, thereby resulting in a situation where many households were not defined as being in 'housing need' simply because they were not on a local authority housing waiting list<sup>18</sup>.

The results indicated that on 31 March 1999, a total of 38,176 households were assessed in need of local authority housing. This compares to the previous assessment in 1996 of 27,427 households in housing need and represents a 43 per cent increase over the period.

Overall close to three out of ten (29 per cent) of households assessed as being in need of local authority housing were private tenant households in receipt of SWA rent allowance. Of these 11,361 households, 48 per cent (5,453) were single parents with children, 23 per cent (2,613) were single person households, 22 per cent (2,499) were two adult households with children and 7 per cent (796) were adult households without children. The Agency is highly concerned at the high number of child dependants residing in rent supplemented private rented housing and at risk of poverty. Nearly 70 per cent of all SWA households assessed in housing need (7,952 households) have child dependants.

The major categories of need indicated by the 1999 assessment found that 34 per cent of households eligible for social housing were unable to afford their own

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<sup>16</sup> See Department of Environment and Local Government (1999) *Administration of Rent and Mortgage Assistance*, Report of the Inter-Departmental Committee on Issues Relating to the possible Transfer of Administration of Rent and Mortgage Interest Supplementation from Health Boards to Local Authorities, Stationary Office, Dublin. It is important to note that a number of factors distort comparisons between years regarding the numbers in receipt of SWA rent supplementation. The 1998 data has been compiled on a different basis than previously due to computerisation and the figures also reflect an increase of some 2,000 in the number of asylum seekers in receipt of rent supplement, compared to 1997.

<sup>17</sup> Under section 9 of the Housing Act, 1988 each local authority is required to carry out periodic (currently every three years) assessments of the need for the provision of housing for persons who require housing and are unable to provide it from their own resources. The assessments cover the need for local authority housing in each local authority area together with the part that can be played in meeting needs by other social housing options; the needs for sites for caravans for Travellers and the number of homeless persons. In November 1998 the local authorities were directed to carry out an assessment of the need existing on 31 March, 1999.

<sup>18</sup> Fahy, T. and Watson, D. (1995) *An Analysis of Social Housing Need*, Dublin, ESRI

accommodation, 10 per cent were involuntarily sharing accommodation, 21 per cent were living in overcrowded accommodation and 12 per cent in unfit accommodation.

These latter two categories have a particular bearing on the housing conditions of households on local authority waiting lists but resident in the private rented sector. Combined they suggest approximately one in three households (33 per cent) eligible for social housing reside in unfit and overcrowded accommodation.

While cross-tabulations with the numbers in receipt of SWA rent allowance have not yet been made by the DELG, the preliminary figures suggests a very strong correlation exists between poor housing conditions and receipt of rent supplement.

In other words, there is growing evidence that in 1999 private tenant households assessed as eligible for social housing and awaiting a social housing allocation live in the worst housing conditions in the sector.

The 1999 Assessment of Housing Needs confirms the extent to which current housing policy has come to rely upon the private rented sector as a component part of social housing provision. However, it also illustrates the poor housing conditions of many SWA tenant households and further indicates the degree to which the housing needs of households at risk of poverty are not currently being met in the sector.

## **5 Polarisation in Private Rented Residential Housing**

Since 1997, an extended supply-side crisis in the face of strengthened competitive demand for private housing has continued over the period. This has been diagnosed as the primary cause of the collapse in the capital affordability of private housing in the late 1990s<sup>19</sup>. However, in combination with the parallel decline in the availability of social housing<sup>20</sup>, the result has been to consign to the private rented residential sector the role of accommodating housing demand from two broad and highly differentiated categories of households.

In the first broad category we find households who would previously have enjoyed access to owner-occupied housing and who have deferred or postponed entry to this tenure. Also there are households who reside in private rented housing as a matter of choice and those whose residence in private rented accommodation is related to their current position in the labour market as corporate secondments, returned migrants and immigrants, students and other young adults living independently.

In the second broad category we find low-income households who qualify for social housing but remain on waiting lists, welfare-dependant households in receipt of SWA housing income support, homeless persons and households placed by voluntary bodies who otherwise obtain temporary shelter in hostels or remain street homeless. Additionally, there are individuals and households previously resident in institutions, and of increasing importance over the period, a growing number of asylum seekers in emergency accommodation.

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<sup>19</sup> see Bacon, P. & Associates (1998), *An Economic Assessment of Recent House Price Developments*, Department of the Environment and Local Government, Stationary Office, Dublin

<sup>20</sup> The percentage of completions that were social housing units declined from 6.5% of all housing completions in the first quarter of 1998 to 5.2% for the same period in 1999.

It is now evident that continued speculative investment based upon tax incentives and rising effective demand for private rented residential housing over the period has further exacerbated the polarised character of private rented accommodation. New supply is predominantly focussed at the top and middle sectors of the market. The rate of rent increase has been dragged upwards by asset price inflation and is causing a knock-on effect in terms of higher rent differentials for older stock at the lower and budget end of the sector. Moreover this end of the sector currently experiences temporal reductions in supply as houses in multiple occupation in established rental localities are withdrawn for renovation and sale due to the substantial capital gains they offer property owners.

Furthermore, recent research demonstrating the inter-connected nature of Irish housing tenures and the market economy found that one of the results of declining capital affordability in owner occupation is an increase in the competition between these two broad categories of household for access to an increasingly restricted supply of good quality, affordable rented accommodation at the middle to lower sectors of the residential lettings market<sup>21</sup>.

This competition has been quickly transformed into a further push factor leading to overall rising rent levels of 20 per cent plus in 1998, and has extended high rates of rent increase into the lower or budget end of the market<sup>22</sup>. The net effect has been a significant deterioration of access, choice, quality, security and affordability for low-income and welfare dependent private tenant households.

This is shown in more detail in Table 1, where the deterioration in rent-to-income ratios is most severe for the lowest income categories. Applying anticipated rent increases across the low-income categories shows that rent accounts for over half of disposable income for the first income category and over one third and one quarter for the other two income categories respectively.

<b>Table 1 Dublin Rental Survey Data, 1998: incomes, rents, rent-to-income ratios and forecast changes upon rent increases of 10% and 20%</b>			
<b>Income Category</b>	<b>1</b>	<b>2</b>	<b>3</b>
Lower £	7,000	10,000	12,000
Upper £	9,999	11,999	13,999
Mean Rent pcm £	246.57	254.94	228.53
Mean Annual Rent £	2,958.84	3,059.28	2,742.36
Worst current R/I ratio	0.42	0.31	0.23
Best current R/I ratio	0.30	0.25	0.20
Rent £ p.a. + 10%	3,254.72	3,365.21	3,016.6
Rent £ p.a. + 20%	3,550.61	3,671.14	3,290.83
Worst new R/I ratio with rent p.a. +10%	0.46	0.34	0.25
Best New R/I ratio with rent p.a. +10%	0.33	0.28	0.22
Worst new R/I ratio with rent p.a. +20%	0.51	0.37	0.27
Best new R/I ratio with rent p.a. +20%	0.36	0.31	0.24

Source: adapted from Downey, D. (1998), op cit, pp 49

<sup>21</sup> See Downey, D. (1998) *New Realities in Irish Housing – a study on Housing Affordability and the Economy*, CRUBE, Dublin Institute of Technology.

<sup>22</sup> See Downey, D. and Devilly, I. (1999) Changing circumstances, latest consequences: new data on rents, conditions and attitudes in the Private Rented Sector, 1998' in *Private Rented Housing – Issues and Options*, Threshold, Dublin

Despite recent evidence demonstrating the inappropriateness of this housing tenure in meeting the needs of poor households, and also how prevailing market conditions have increased the poverty risk of these households<sup>23</sup>, in short, the collapse of capital affordability in owner occupation due to rapid price inflation, combined with the continued shortage of social housing demand to meet growing assessed need, results in the private rented residential sector operating as a longer term housing tenure for low-income and welfare dependant households.

## 6. Policy Issues for Private Rented Residential Housing and Poor Households

### (a) SWA Rent Supplementation

The report of the Inter-Departmental Committee on the future administration of SWA rent allowance<sup>24</sup> sets out a range of changes and new measures to be put in place so that ultimately SWA rent allowance will be provided by local authorities as part of an integrated social housing policy.

The strategic objective is to make available to local authorities a comprehensive range of social housing options that includes rent supplementation and the direct provision of accommodation to meet social housing needs.

Without going into further details the Agency welcomes the Report's main recommendations and argues for the swift establishment of the recommended planning committee dedicated to the design of the proposed new arrangements prior to the full transfer of rent supplementation to local authorities<sup>25</sup>.

As an interim measure however the Agency proposes immediately advancing the Report's recommendation that local authorities should only provide rent supplementation to rental income derived from properties that comply with regulatory requirements in relation to standards and registration of private rented accommodation<sup>26</sup>.

To this end the Agency recommends the Commission should ensure that:

1. appropriate financial and human resources are dedicated to local authorities to ensure **an improved implementation of current regulations**.

This requires that a comprehensive and up-to-date register of private rented accommodation is obtained and maintained for their local areas. In addition, maintaining a comprehensive register will only succeed in improving the rate of inspections and improved compliance with minimum standards if adequate and appropriate resources are also dedicated to local authority environmental health departments and officers.

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<sup>23</sup> Ibid.

<sup>24</sup> See Department of Environment and Local Government (1999) *Administration of Rent and Mortgage Assistance*, op cit

<sup>25</sup> Currently SWA rent supplementation is administered via the health boards

<sup>26</sup> Given current overall supply constraints and the increased competitive demand for budget level private accommodation a certain caution should be exercised in the attainment of this objective lest a significant loss of accommodation or rent increase occur. Nonetheless, the Commission's final recommendations relating to improving the security of tenure for tenant households should be used as a safeguard for SWA tenant households residing in poor and below standard accommodation.

Secondly, the Agency recommends that the Commission should ensure:

2. the **abolition of the current 'claw-back' arrangements** that give rise to both **unemployment and poverty traps** for SWA rent recipients.

An alternative system would be to introduce an appropriate tapering mechanism that ensures rent supplement recipients are better off when additional income is earned and that ensures equal treatment of households making the transition from welfare to work must be developed and implemented as a matter of priority. This remains an outstanding commitment under Partnership 2000.

Thirdly in this regard, the Agency recommends its long-standing position to the Commission, which should ensure that:

3. SWA rent supplementation become a **fully integrated housing income support available to both low paid and welfare dependent households**.

#### **(b) Reform of Private Rented Residential Accommodation**

This submission argues that the Commission on the Private Rented Sector must recognise the stark reality of housing conditions for private rented tenant households at risk of poverty, and within the broader context of wider reform for the sector as a whole, should propose specific policy solutions and measures that are focussed on alleviating and eliminating the problems of poor tenant households.

This submission, in conjunction with the supporting materials forwarded by the Agency<sup>27</sup>, and with reference to the previous sub-section above, makes the following recommendations to the Commission.

##### **Poverty Proofing:**

4. The Commission should ensure that **all policy measures and proposals made to Government are fully poverty proofed** in accordance with government policy.

##### **Tenant Rights and Equality:**

5. The Commission should adopt a **rights-based approach** to the provision and consumption of housing generally and **ensure the greater enforcement of current rights and obligations** in the private rented sector as per the Legislation on tenancy agreements, rent books, minimum standards and landlord registration.
6. The Commission **should ensure the right of equal access** to private rented housing for all groups is enshrined in legislation. It should support the elimination of discrimination against tenants on the basis of

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<sup>27</sup> Specifically this refers to Agency commissioned research 'Housing Income Support in the Private Rented sector - A Survey of Recipients of SWA Rent supplement' (Donal Guerin, 1999) and the Proceedings of the Agency sponsored national policy seminar on SWA rent supplementation (July, 1999).

religion, race, ethnicity (including Travellers), gender, age, disability, sexual orientation, family and marital status, or household composition and **critically for tenant household in receipt of SWA rent supplementation.**

7. The Commission should insure that proposed measures to improve the security of tenure of tenants in the occupation of their dwellings are applicable to all tenant households in the sector.

### **Housing Management, Contracts and Dispute Resolution**

8. In the immediate and shorter term, the Commission should recognise **specified housing management costs** for categories of landlord with significant numbers of SWA tenants households. The Commission should propose the use of **specified contractual agreements between local authorities and private landlords for long-term SWA recipients** with assessed special needs who are currently on social housing waiting lists. This should only be regarded as **an interim measure to improve security of tenure** and the reform of SWA administration but should nevertheless also include a mechanism **ensuring greater rent stabilisation and certainty over the rate of rent increase for SWA tenant households.**
9. The Commission should consider proposing **new contractual agreements separating the management and maintenance needs of private rented housing stock from the investor ownership of private rented property.** Specifically, where development costs are grant-aided and rental income is subvented by SWA rent supplement, **the management and maintenance functions of properties should be offered to housing associations on a renewable basis.** Such arrangements should obtain whether the investor is an individual or an institution and would seek to benchmark management and maintenance standards to the sector as a whole. **Housing associations and other future registered social housing providers should be appropriately resourced to respond to demand for housing management and maintenance services.**
10. The Commission should seek to **improve the resolution of landlord-tenant disputes.** Currently disputes centre upon issues including over-holding and deposit retention. The Commission should **support improved housing management by landlords** to reduce the incidence and degree of dispute and should consider the adoption of a **Rental Deposit Board.** Disputes on rent may also include the need to establish a Tribunal to arbitrate on whether proposed rent increases are in line with market values. In the short-term, the Commission should consider **strengthening the decision-making powers and extending the remit of the current rent tribunal for controlled tenancies to include arbitration over the rate of rent increase allowable upon the renewal of tenancy agreements for long-term SWA tenant households.**

## **Fiscal Treatment and Investment:**

11. The Commission should only consider proposing **fiscal incentives** for increasing investment in the supply of private rented accommodation that are **established within a strong regulatory framework that obtains improved quality, design, type and layout of dwellings as well as the development of housing management services to larger scale dwellings**. The rationale for the provision of new **fiscal incentives** to a sector where demand has 'broadened, strengthened and deepened', and where residential investment continues to strengthen, **should be to obtain significant overall reform in provision that includes a mechanism for rent stabilisation and calculation of the rate of increase upon renewal of longer-term tenancy agreements**.
12. The Commission should ensure any **new fiscal incentives** be provided by local authorities on a **grant-aided basis to encourage the emergence of a funding regime that co-ordinates development to meet the recognised needs of the housing tenure**. In the first instance any new fiscal incentives should seek the development of a **greater supply of new build, quality accommodation to the lower end of the market** occupied by SWA recipients and should also include renovation, renewal and refurbishment of dwellings.

## **Social Support for Improved Living Conditions**

13. The Commission should consider establishing outreach sectoral services under the community development programme and the local employment services to meet the needs of tenant households at risk of poverty and social exclusion and who are not targeted under current area-based initiatives.

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## **Annex A**

### **Guidelines for the Implementation of Poverty Proofing Procedures<sup>28</sup>**

#### **1. Introduction**

- 1.1 Following the Government decision of 23 July 1998, in line with a Partnership 2000 commitment to strengthening of administrative procedures for equality proofing in the context of the NAPS, it is now a **requirement** in the updates Cabinet Handbook, published in October 1998 (p.19), that memoranda for the Government involving significant policy proposals **"indicate quite clearly the impact of the proposal on groups in poverty or at risk of falling into poverty in the case of significant policy proposals"**.

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<sup>28</sup> Taken from the National Anti-Poverty Strategy 1998/99 Annual Report of the Inter-Departmental Policy Committee, *Social Inclusion Strategy*, Dublin, Stationary Office.

1.2 Although some Departments' remit may not seem to impact directly on poverty, and while some Departments are not involved in direct service delivery, it must be noted that this is an **obligatory requirement**. While the secondary effects of some proposals (particularly those which are not directly aimed at alleviating disadvantage) may not be immediately apparent, **they may still have an impact on the poor**, or may, inadvertently lead to a risk of poverty for some people/groups.

1.3 The statement of impact on poverty should be based on a **systematic analysis**, using the Framework outline below in section 4.

## **2. What is Poverty?**

2.1 Poverty is defined in the National Anti-Poverty Strategy (adopted by Government in 1997) as follows:

*'People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered the norm for other people in society'.*

2.2 The NAPS overall target has been revised in lieu of analysis the 1997 Living In Ireland Survey data that found the number of people in consistent poverty reduced from 9-15% in 1994 to 7-10% in 1997. The revised NAPS target is now to reduce consistent poverty (defined as below the 50% and 60% relative income lines combined with the presence of basic deprivation) to below 5% by 2004.

## **3. What is Poverty Proofing?**

3.1 Poverty Proofing is defined as follows:

*'Poverty Proofing is the process by which Government Departments, local authorities and State Agencies assess policies and programmes at design and review stages in relation to the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction'*

3.2 The primary aim of the process is to identify the impact of the policy proposal on the poor so that this can be given proper consideration in designing the policy. It is not intended that Poverty Proofing would require that all policies be fundamentally transformed so that they are explicitly targeted at the disadvantaged. (Attention is drawn to the point made at the 3.3 following).

3.3 The potential effects of some policy proposals may be ambiguous in the sense that the policy may have a positive effect on some poverty risk groups and a negative (or no) effect on others. In such cases, all potential effects should be highlighted. One should consider the varying effects (if applicable) to each of the poverty risk

groups as outlined below (4.3) and how adverse effects on these groups might be counteracted. The possibility of particular groups being inadvertently excluded from the potential benefits of a proposal should also be noted.

## 4. Poverty Proofing Procedure

### 4.1 Proofing What?

Poverty Proofing should be undertaken in the following circumstances:

- in the preparation of **SMI Statements of Strategy** and **Annual Business Plans**;
- in designing policies and preparing **Memoranda to Government** on significant policy proposals;
- in the preparation of the **Estimates** and **Annual Budget Proposals** – this will also include **expenditure reviews** and **programme evaluations**;
- in the preparation of the **National Development Plan** and other relevant EU Plans and Programmes;
- in the preparation of **legislation**.

### 4.2 Proofing How?

In the circumstances outlined above, Departments should individually address the following questions:

- What is the primary objective of this policy/programme/expenditure proposal?
- Does it:
  - i. help to prevent people falling into poverty?
  - ii. reduce the level (in terms of numbers and depth) of poverty?
  - iii. ameliorate the effects of poverty?
  - iv. have no effect on poverty?
  - v. increase poverty?
  - vi. contribute to the achievement of the NAPS targets (including subsidiary targets under the five themes)?
  - vii. address inequalities which might lead to poverty? (See 4.4 below)
  - viii. as proposed, reach the target group(s)? (See 4.3 below)
- and what is the rationale and basis of the assessment (for example administrative data sources/household survey data, Working Group or Task Force Reports etc) behind each of these replies?
- If the proposal has the effect of increasing the level of poverty, what opinions might be identified to ameliorate this? *[this could include proposals to counteract adverse effects which may be identified for certain sub-groups even where the impact on the overall population is positive – see 3.3. above]*
- If the proposal has no effect on the level of poverty, what options might be identified to produce a positive effect *[Again this could address any potential for certain social categories to miss out on benefits generally available to the target group.]*

4.3 In answering these questions, **particular attention should be paid to those groups which have been identified as being either in persistent poverty or known to be at risk of poverty** (in both rural and urban areas), viz:

- the unemployed, particularly the long-term unemployed;
- children, particularly those living in large families;
- single adult households and households headed by someone working in the home;
- lone parents;
- people with disabilities;
- older people, in particular households headed by a retired person
- members of the Traveller community;
- the homeless;
- ethnic minorities.

*[It should be noted that the extent and composition of these groups are likely to change over time and the focus of proofing would change accordingly over the lifetime of NAPS]*

4.4 Particular attention should also be paid to **inequalities which may lead to poverty**. These could arise, for instance, in the context of age, gender, disability, belonging to an ethnic minority (including membership of the Traveller community) or sexual orientation.