Rent Limits Review Report 2011

Completed by: Supplementary Welfare Allowance Unit

Executive Summary

The purpose of this report is to outline the findings and recommendations arising from the recently completed review of rent limits under the rent supplement scheme. Regulations governing existing limits were for the period 1st June 2010 to 31st December 2011. Accordingly, new regulations were needed to provide for rent limits from 1st January 2012. The main findings and proposals arising from the review are summarised below:

- Since the last review (June 2010), rental values have stabilised at or near the maximum rent limits in place nationally. The following table presents maximum rent limits as a percentage of asking rates for rents on a provincial basis with Dublin shown separately.

Average Asking Rates per Daft – November 2012	1 Double Bed Sit / 1 Bed Room Apartment Couple	2 Bedroom Accommodation Couple 1 Parent Child	2/3 Bedroom Accommodation Couple with 2 Kids	Couple with 3 Children: 3 Bedroom Accommodation
Dublin	101%	91%	88%	92%
Rest of Leinster	106%	104%	99%	102%
Munster	104%	101%	99%	103%
Connaught-Ulster	106%	103%	92%	94%

- The above table shows that, provincially, excluding Dublin, the current maximum rent limits for 2 bedroom accommodation units are higher than the current average asking rate advertised within the market. In other words, maximum rent limits are too high based on prevailing market advertised rate averages.
- Dublin average asking prices, barring single roomed accommodation, are higher than rent limits set by the Department. However, the above table considers maximum limits as a percentage of average rents which includes: high-end socio-economic areas; penthouses; detached residences etc. Having excluded these and focused on availability, there is scope for reductions for all categories, including Dublin.
- The last rent review (June 2010) concentrated on aligning 1, 2 and 3 bedroom property types and shared accommodation offerings to average asking rates, for the first time aligning limits to each county's rental market. It was accepted, notwithstanding the large adjustments made in the 2010 Review, that there was scope available to achieve further savings.
- This review (December 2011) is the second phase within the process of maximum rent limit realignment. The focus of this review is primarily based on ensuring an adequate level of housing stock is available, using the 40th percentile as the basis for establishing rent limits. The 40th percentile as a basis for rent limits will ensure that properties at the lower end of the market (approximately 40% of the suitable housing supply) will be available to rent supplement tenants.

- This review also attempts, where appropriate, to ensure that maximum rent limits are placed at appropriate price points. This should lead to further savings to the Exchequer as the market adjusts its expectations for rents obtainable.
- It is estimated that €22m in savings will accrue to the Exchequer in the first year as a result of these proposed changes. The proposed limits will be applied to all new claims for rent supplement as at 1st of January 2012 and to existing claims as they are reviewed.

Key Messages

1. There are approximately 96,000 rent supplement recipients, with a provisional outturn for 2011 of €503m.
2. Rent supplement provides short-term income support to eligible people living in private rented accommodation, whose means are insufficient to meet their accommodation costs and who do not have accommodation available to them from any other source.
3. The Department of Social Protection currently funds approximately 40 per cent of the private sector rented accommodation. Accordingly, it is essential that State support for rents are kept under review, reflect current market conditions and do not distort the market in a way that could increase rent prices for others, such as low paid workers and students.
4. The purpose of the Rent Limit Review is to establish new maximum rent limits from 1st January 2012 which are in line with the most up to date market data available.
5. The emphasis of the review is to ensure that value for money is achieved whilst at the same time ensuring that people on rent supplement are not priced out of the market for private rented accommodation.
6. The analysis of the impact of the 2010 Review shows that where previous reductions were made to rent limits there has been little impact on the number of persons receiving rent supplement and as such material savings have accrued to the State.
7. This review has regard for the needs of persons in low income employment who wish to obtain suitable accommodation in the area of their choice and attempts to ensure that they too are not priced out of the market with unnecessary high rent supplement maximum rent limits in operation within their preferred area.
8. This review is in line with the previous review's (June 2010) strategy of maximum rent limit alignment and provides a wealth of information and analysis previously not undertaken.
9. The review shows that rent asking rates at the 40th percentile are lower than the majority of maximum rent limits in place.
10. This review primarily considers availability for all categories in the major urban areas and, for individual counties considers any particular infrastructural issues that might pertain (e.g. commuter belt areas for major towns)
11. It is estimated that €22m in savings will accrue to the Exchequer within the first year as a result of these proposed changes. The reduction in limits should have a positive impact on the rental market for those in low paid employment.
12. The proposed date for the next review is June 2013, eighteen months from the effective date of the new rental limits. Rents will be reviewed as part of the ongoing oversight arrangements in place within the Department's Supplementary Welfare Allowance unit during this period. Where further adjustments are required (whether one county or a full review of the country is conducted in the interim), they will be highlighted and presented for further consideration.

Introduction and Purpose

Rent supplement provides short-term support to eligible people living in private rented accommodation, whose means are insufficient to meet their accommodation costs and who do not have accommodation available to them from any other source. The Department currently funds approximately 40 per cent of the private sector rented accommodation. Accordingly, it is essential that State support for rents are kept under review, reflect current market conditions and do not distort the market in any way.

Since the last review (June 2010), rental values have stabilised at or near the maximum rent limits. The June 2010 review concentrated on savings benchmarked against asking rates at that particular time. The savings accrued in the June 2010 review centred on 2 and 3 bedroom properties, however, there were also reductions on shared rates, that is for persons renting a room (single and double) in a house.

The last rent review lead to a 4% weighted average reduction of rent limits. The purpose of this review is to assess the current maximum rent limits and to re-establish new limits based on availability at approximately the 40th percentile (40% of housing supply) in each particular market and to ensure that maximum rent limits are placed at appropriate price points.

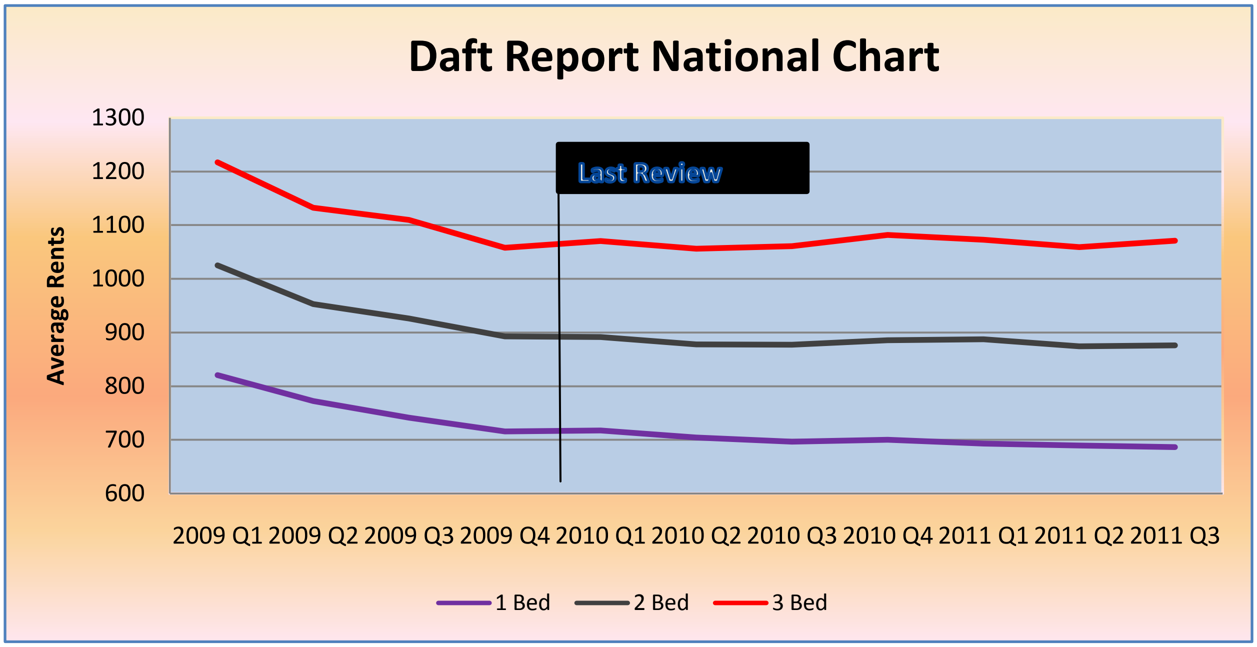
Methodology and Overview of Results

The Department used publicly available data sources to ascertain both the market trends and the current asking prices for one, two and three bedroom properties throughout Ireland on a county by county basis. The only exception to this is Dublin, in which Fingal is analysed as a separate entity. The following data sources were used:

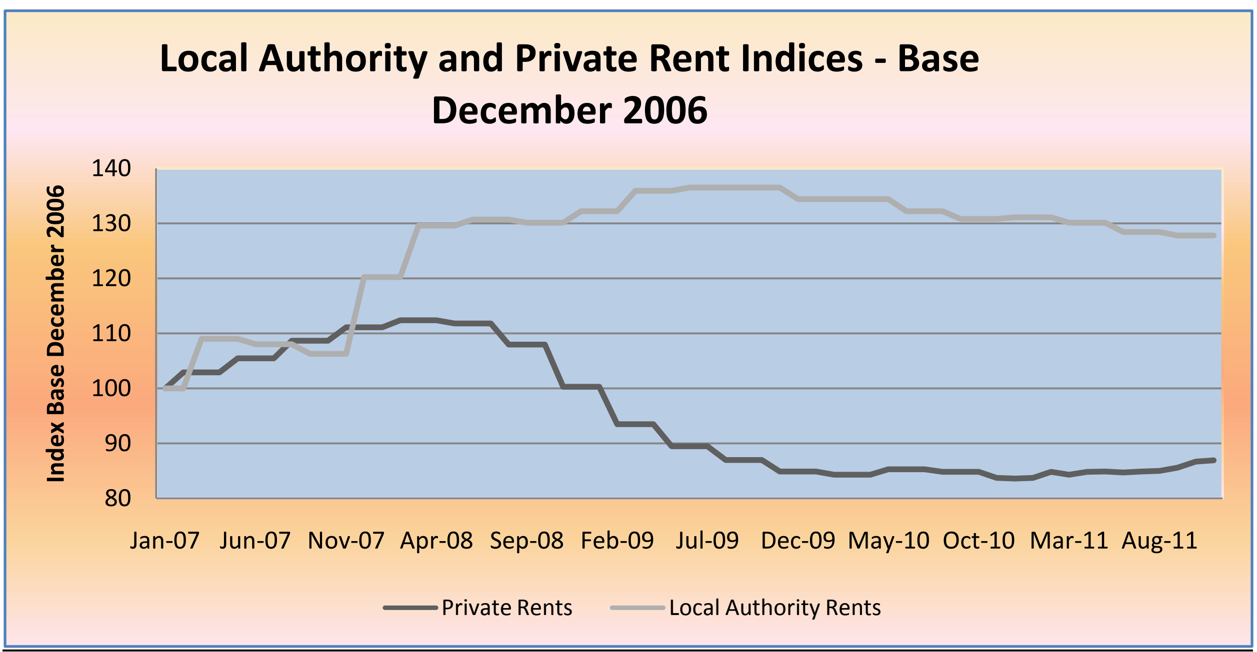
1. Daft.ie Rental Market Reports: This is a leading rental report in the market.
2. Leading websites advertising properties for rent.
3. Central Statistics Office (CSO) Rental Indices: The CSO collects price data on rental accommodation from thirty-three letting agents in seventeen locations around the country. Dublin with eight and Cork with six quotes respectively are the areas with greatest coverage. Each of the areas quoted is weighted by reference to their population.
4. Private Residential Tenancies Board (PRTB) Databases: A snapshot of the PRTB's database which stores all annual rental values and relevant addresses.

Both Daft.ie and CSO indices were used to establish and agree overall rental trends. Daft allowed trend analysis for 1, 2 and 3 bedroom properties on a regional basis. The CSO data only allowed a blended national trend for all property types.

The following table shows nationally the trends for 1, 2 and 3 bedroom properties nationally.



CSO data presents a consistent picture to Daft. Both appear to show rents stabilising nationally post large corrections in the years 2008 and 2009.



Both Daft and CSO indices are based on asking prices and do not allow for rural / urban analysis or allow an analysis of the mix for 1/2/3 bedroom properties pertaining to each county. Also both do not consider percentiles and availability at the lower end of the market. Both indices include high end housing markets, which do not form part of the rent supplement market.

Further analysis shows a significant correlation between where rents have stabilised and current maximum rent limits suggesting a high degree of influence of maximum rent limits and perceived 'rent floors' by landlords – the rate which landlords accept as the minimum rent acceptable for their particular dwelling.

The following table presents provincial maximum rent limits expressed as a percentage of the advertised asking rates for the entire market.

Average Asking Rates per Daft – November 2012	1 Double Bed Sit / 1 Bed Room Apartment Couple	2 Bedroom Accommodation Couple 1 Parent Child	2/3 Bedroom Accommodation Couple with 2 Kids	Couple with 3 Children: 3 Bedroom Accommodation
Dublin	101%	91%	88%	92%
Rest of Leinster	106%	104%	99%	102%
Munster	104%	101%	99%	103%
Connaught -Ulster	106%	103%	92%	94%

Provincially, excluding Dublin, the current maximum rent limits for 2 bedroom accommodation units are higher than the asking rate within the market. In other words, maximum rent limits are too high based on prevailing market advertised average asking rate. For 3 bedroom properties (again excluding Dublin) average asking rents are aligned to the maximum rent limits, with scope for further reductions.

By focusing on the 40th percentile, thus excluding high-end socio-economic areas and properties, 2 bedroom property rent values for all categories (including Dublin) are lower than the current maximum rent limits. The pattern for 3 bedroom properties is similar; with all areas' average asking rates (excluding high income tier housing) lower than maximum rent limit rates.

Two primary data sources were used to assess new maximum limits:

1. Private Residential Tenancies Board Registrations - 40th Percentiles for 2011
2. Leading publicly available property website datasets allowing 40th percentile calculations for major towns in each county area as at 16th December 2011.

The main body of work was accessing publicly available data and attempting to ensure that availability was secured at or around the 40th percentile (40% of suitable housing supply). Consideration was given to 'natural price points' and the degree of 'clustering' at these natural price points was evaluated. Where it was considered there was a degree of arbitrage possible, rents were set predicated on receiving value for money. For example where €650 was at the 40th percentile, but there was a significant number of houses offered at this point, rather than following the market, €640 (or in some cases €625) was set as the limit. This should result in prospective rent supplement tenants negotiating to the lower price point. It is expected that €625 should become the norm as the market adjusts its expectations.

A final stress test was conducted; on the 16th of December, the new proposed limits were reviewed to ensure that the proposed limits allowed suitable accommodation to be obtained in each county's major urban areas. This analysis pointed to no alteration in the previous position that rent supplement is acting as the floor for average rent asking prices and that the 40th percentile housing supply offers a suitable quantity and standard in each locality.

Throughout this exercise consideration was given to what accommodation a person on the average industrial earnings would be able to obtain. One of the tenets of the review was to ensure the new proposed rent supplement limits would not distort the local rental markets, pricing people out of suitable housing whilst in full-time employment.

Forecast Savings

The rent limits reduction should, over the first year of enforcement, yield approximately €22m in savings to the Exchequer. As the market adjusts to the new rates it is expected that further savings will arise, though this cannot be quantified at this stage.

This saving forecast is an estimate as it is assumed that a portion of rental tenancies will remain above the new rent limits. There will be isolated cases where supplements will be permitted, on a temporary basis, which are higher than the maximum rent limit for a county. For example, a person who was paying rent and has now been made unemployed may receive temporary relief above the limits whilst attempting to secure new employment. Furthermore, persons with special needs such as those with disabilities or those coming from situations of homelessness may have higher rent levels due to their specialised housing requirements.

Appendices

1. Purpose of Maximum Rent Limit and Oversight.
2. Main underlying finding of both 2010 and 2011 reviews.
3. Implementation Plan and Overview of Business Rules
4. History of Maximum Rent Limits
5. Value for Money – Other Concerns
6. 2012 Rent Limits by County by Category
7. 2012 Reductions expressed as a percentage of old limits.
8. 2012 Reductions, actual reduction in Euros (v old limits).
9. 2010 Maximum Rent Limits.
10. Rent Supplement Outturn and Volume by County (Excluding Dublin)
11. Rent Supplement Outturn, County Dublin and Postal Districts
12. Sample of Counties – Findings and Analysis

1. Purpose of Maximum Rent Limits and Oversight

Maximum rent limits are established on a county basis[1] and set benchmarks for the Department's staff in their respective areas. The purpose of setting maximum rent limits is to ensure that different categories of eligible tenant households can secure and retain suitable rented accommodation having regard to the different rental market conditions that prevail in various parts of the State while ensuring value for money for the Exchequer. Department officials can use the maximum limits to establish local rent limits for individual towns, streets, areas etc.

2. Main underlying finding of both the 2010 and the 2011 Review

Rent limits were too high. Both reviews have indicated that many landlords typically use the maximum limits established by the Department as a starting point for their negotiations with both rent supplement and non-rent supplement tenants. Rent limits that are set too high can have a distorting effect on the market resulting in value for money concerns for the Exchequer. Where rent limits are not corrected to reflect the market this can result in rent supplement tenants living in accommodation they could not afford were they to secure full-time employment. If this were allowed to happen this would create a significant disincentive for those returning to full time employment.

3. Implementation Plan and Overview of Business Rules

All new rent supplement applications are subject to these limits. As existing claims come up for review, (most claims are reviewed every six months), or when an existing lease expires, they will be reassessed using the new limits. Where a claim is under review and the rent is above the new maximum limit the customer is being asked to contact the landlord to renegotiate the rent. Where a landlord does not agree to reduce the rent to the new rates departmental officials will discuss the options open to the tenant up to and including seeking alternative accommodation. Departmental guidance to the officers administering rent supplement states that where negotiation with the landlord fails then rent supplement may continue to be paid for a period of up to thirteen weeks at the higher rate. However, once the lease has expired the tenant will be expected to find suitable accommodation at or below the new limits in force.

The new maximum rent limits will not change the income of a person after accommodation costs have been met. Rent supplement is subject to a means test which is normally calculated to ensure that, after payment of rent, an eligible person has an income equal to the rate of basic Supplementary Welfare Allowance appropriate to their family circumstances, less a minimum contribution, which each recipient

[1] Fingal is the exception; this is not strictly a county as Fingal is situated in County Dublin.

is required to pay from his or her own resources. The impact of the change to the rent limits structure will be on the rents received and expected by landlords.

It should be stressed that the housing arrangements and need of same for the tenant will be considered of paramount importance and there will no incidence of homelessness arising from this review.

4. History of Maximum Rent Limits Structure

Up to 2007, the maximum rental limits were set based on the former health board areas. This meant that all counties within a health board area had the same rent limits. This did not take into account individual counties' inherent rental supply / demand or a county's particular reference to a major urban area. Since 2007 rent limits have been set on a county by county basis. The 2008 reductions to rent limits did not consider the characteristics of the rental markets within individual counties and relied on national indices to apply an across the board reduction to all rent limits. One of the main findings of the June 2010 review was that each county's rates and trends for accommodation tended to be unique to that county[2]. The December 2011 review has built upon the work undertaken in June 2010.

5. Value for Money and other Concerns

Rent supplement rent limits have cost implications for local authority leasing schemes, such as the Rental Accommodation Scheme (RAS). Maximum rent limits offer local authorities and landlords a benchmark to establish RAS rental agreements. The majority of local authorities generally seek to discount the market rents when in negotiation for RAS property acquisition with a landlord. Where maximum rent limits distort the local market, they can impact on this negotiation, with the local authority not being able to negotiate a natural supply and demand price with the landlord. Landlords traditionally see the rent limit as the lowest rate they will accept if entering a social housing contract. The reduction in rent limits should create savings for local authorities when in negotiation with landlords and will in certain circumstances incentivise landlords to enter into RAS agreements. Accordingly, it is important that these new limits reflect the conditions in the market.

[2] For example, some counties had a high concentration of holiday homes (e.g. Westport, Mayo; West County Cork); other counties benefitted significantly from Section 23, 48 and 50 tax breaks during the past years and currently have over supply issues; other counties are feeder counties to major urban areas with good rail / road links.

2012 Rent Limits Structure (Rates are Per Month)

Comments: Single shared rates range from €160 (Longford) to €300 (Dublin). Similarly the Couple Shared ranges from €175 to €370. Single rates (studio apartments, apartments suitable for single room occupancy) have been adjusted as part of this review, reflecting availability. Single rates range from €300 (incl. Leitrim & Monaghan) to €475. Couple rates and couples with children offer similar spreads.

County	Single Shared	Couple Shared	Single	Couple	Couple/One Parent Family - 1 Child	Couple/One Parent Family - 2 Children	Couple/One Parent Family - 3 Children
Dublin - Fingal	250	330	475	650	775	825	900
Dublin - Not Fingal	300	370	475	700	875	925	950
Wicklow	240	290	440	525	625	670	740
Kildare	270	290	400	500	690	725	790
Longford	160	175	300	325	340	390	430
Westmeath	190	210	390	420	500	520	530
Offaly	200	220	345	400	500	540	575
Laois	200	230	390	400	480	505	540
Limerick	220	240	390	430	500	575	650
Tipperary North	195	200	345	375	410	500	525
Tipperary South	195	220	370	425	525	540	550
Clare	190	210	350	380	450	475	500
Louth	230	280	390	430	575	600	650
Monaghan	180	190	300	350	480	500	525
Cavan	160	190	325	350	400	430	450
Meath	200	260	390	450	550	610	675
Donegal	195	200	315	350	390	450	500
Leitrim	175	195	300	325	350	375	400
Sligo	195	220	340	425	520	540	550
Wexford	230	250	390	430	540	565	590
Waterford	230	250	390	400	500	540	590
Carlow	230	250	350	450	550	575	590
Kilkenny	200	230	390	430	540	575	590
Kerry	190	220	365	390	520	550	600
Cork	260	280	450	575	700	715	750
Mayo	195	215	390	400	450	475	500
Galway	230	250	450	540	680	700	725
Roscommon	175	195	300	325	400	430	480

6. 2012 Reductions as a percentage

Comments: The previous review concentrated most of the savings on 2 and 3 bedroom properties and 'shared rates', and were primarily focused on average asking rates. The focus in this review has been on availability for all categories. Where there are only single digit reductions in counties it either reflects a large city in the county or where large reductions were made in the previous review, for example, the Roscommon 3 Children rate in 2010 was reduced by 33%, similarly for Offaly, Sligo etc. Galway and Cork reductions reflect the large urban areas in their respective county. Single shared rates in Dublin (29% and 23%) were reduced due to large levels of availability for advertised rooms for this category.

County	Single person in shared accommodation	Couple in shared accommodation	Single person	Couple with no children	Couple with 1 child or one-parent family with 1 child	Couple with 2 children or one-parent family with 2 children	Couple with 3 children or one-parent family with 3 children
DUBLIN - FINGAL	(29%)	(15%)	(10%)	(16%)	(17%)	(18%)	(14%)
DUBLIN - OTHER Local Authorities	(23%)	(8%)	(10%)	(13%)	(6%)	(12%)	(14%)
WICKLOW	(24%)	(11%)	(17%)	(26%)	(26%)	(26%)	(19%)
KILDARE	(16%)	(11%)	(18%)	(17%)	(8%)	(15%)	(12%)
LONGFORD	(18%)	(13%)	(13%)	(7%)	(15%)	(13%)	(14%)
WESTMEATH	(14%)	(19%)	(4%)	(7%)	(9%)	(12%)	(12%)
OFFALY	(9%)	(8%)	(15%)	(18%)	(9%)	(9%)	(4%)
LAOIS	(15%)	(4%)	(4%)	(18%)	(13%)	(14%)	(10%)
LIMERICK	(14%)	(8%)	(13%)	(14%)	(17%)	(12%)	(7%)
TIPPERARY NTH	(25%)	(25%)	(15%)	(17%)	(25%)	(22%)	(20%)
TIPPERARY STH	(22%)	(14%)	(21%)	(7%)	(5%)	(16%)	(15%)
CLARE	(14%)	(19%)	(14%)	(16%)	(18%)	(21%)	(23%)
LOUTH	(19%)	(2%)	(17%)	(19%)	(4%)	(12%)	(7%)
MONAGHAN	(8%)	(5%)	(18%)	(10%)	(4%)	(7%)	(5%)
CAVAN	(18%)	(5%)	(12%)	(13%)	(11%)	(14%)	(12%)
MEATH	(23%)	(2%)	(17%)	(18%)	(15%)	(13%)	(10%)
DONEGAL	(17%)	(17%)	(14%)	(23%)	(22%)	(18%)	(11%)
LEITRIM	(8%)	(3%)	(18%)	(17%)	(13%)	(17%)	(20%)
SLIGO	(11%)	(8%)	(16%)	(12%)	(4%)	(2%)	(8%)
WEXFORD	(12%)	(17%)	(17%)	(17%)	(10%)	(13%)	(11%)
WATERFORD	(15%)	(11%)	(17%)	(15%)	(9%)	(17%)	(11%)
CARLOW	(12%)	(17%)	(25%)	(10%)	(8%)	(12%)	(11%)
KILKENNY	(23%)	(23%)	(17%)	(17%)	(10%)	(12%)	(11%)
KERRY	(19%)	(8%)	(10%)	(22%)	(5%)	(14%)	(8%)
CORK	(9%)	(3%)	(4%)	(6%)	(1%)	(7%)	(6%)
MAYO	(11%)	(4%)	(13%)	(12%)	(18%)	(21%)	(18%)
GALWAY	(10%)	(4%)	(4%)	(2%)	(3%)	(7%)	(5%)
ROSCOMMON	(8%)	0%	(19%)	(13%)	(11%)	(14%)	(8%)

7. Actual Reductions to Rent Limits (2010 v 2011)

Comments: The biggest reductions occur in Wicklow. Previous Wicklow average rental values included Bray in the analysis. Bray is being managed separately to ensure that Wicklow County limits more accurately reflect the rental market. The Dublin rent limits are also subject to significant reductions, though this is more a function of the large supply of rent supplement type property (at approximately the 40th percentile) and the exclusion of high-end rental values from this analysis.

County	Single person in shared accommodation	Couple in shared accommodation	Single person	Couple with no children	Couple with 1 child or one-parent family with 1 child	Couple with 2 children or one-parent family with 2 children	Couple with 3 children or one-parent family with 3 children
DUBLIN - FINGAL	(€100)	(€60)	(€54)	(€120)	(€155)	(€175)	(€150)
DUBLIN - OTHER Local Authorities	(€90)	(€30)	(€54)	(€100)	(€55)	(€125)	(€150)
WICKLOW	(€75)	(€35)	(€89)	(€185)	(€225)	(€230)	(€170)
KILDARE	(€50)	(€35)	(€85)	(€100)	(€60)	(€125)	(€110)
LONGFORD	(€35)	(€25)	(€45)	(€25)	(€60)	(€60)	(€70)
WESTMEATH	(€30)	(€50)	(€17)	(€30)	(€50)	(€70)	(€70)
OFFALY	(€20)	(€20)	(€62)	(€85)	(€50)	(€50)	(€25)
LAOIS	(€35)	(€10)	(€17)	(€85)	(€70)	(€85)	(€60)
LIMERICK	(€35)	(€20)	(€56)	(€70)	(€105)	(€75)	(€50)
TIPPERARY NTH	(€65)	(€65)	(€62)	(€75)	(€140)	(€140)	(€130)
TIPPERARY STH	(€55)	(€35)	(€98)	(€30)	(€30)	(€105)	(€100)
CLARE	(€30)	(€50)	(€57)	(€70)	(€100)	(€125)	(€150)
LOUTH	(€55)	(€6)	(€78)	(€99)	(€25)	(€85)	(€50)
MONAGHAN	(€15)	(€10)	(€68)	(€40)	(€20)	(€40)	(€25)
CAVAN	(€35)	(€10)	(€43)	(€50)	(€50)	(€70)	(€60)
MEATH	(€60)	(€5)	(€78)	(€100)	(€100)	(€90)	(€75)
DONEGAL	(€40)	(€40)	(€53)	(€105)	(€110)	(€100)	(€60)
LEITRIM	(€15)	(€5)	(€68)	(€65)	(€50)	(€75)	(€100)
SLIGO	(€25)	(€20)	(€67)	(€60)	(€20)	(€10)	(€50)
WEXFORD	(€30)	(€50)	(€78)	(€90)	(€60)	(€85)	(€70)
WATERFORD	(€40)	(€30)	(€78)	(€70)	(€50)	(€110)	(€70)
CARLOW	(€30)	(€50)	(€118)	(€50)	(€50)	(€75)	(€70)
KILKENNY	(€60)	(€70)	(€78)	(€90)	(€60)	(€75)	(€75)
KERRY	(€45)	(€20)	(€42)	(€110)	(€30)	(€90)	(€50)
CORK	(€25)	(€10)	(€18)	(€35)	(€5)	(€50)	(€50)
MAYO	(€25)	(€10)	(€60)	(€55)	(€100)	(€125)	(€110)
GALWAY	(€25)	(€10)	(€18)	(€10)	(€20)	(€50)	(€35)
ROSCOMMON	(€15)	€0	(€70)	(€50)	(€50)	(€70)	(€40)

8. 2010 Maximum Rent Limits

Comments: This table presents the maximum rent limits as established in June 2010. These limits aligned rent limits to average asking rates rather than the focus of the 2011 Rent Review which was based on availability.

County	Single person in shared accommodation	Couple in shared accommodation	Single person	Couple with no children	Couple with 1 child or one-parent family with 1 child	Couple with 2 children or one-parent family with 2 children	Couple with 3 children or one-parent family with 3 children
DUBLIN - FINGAL	€350	€390	€529	€770	€930	€1,000	€1,050
DUBLIN - Other Local Authorities	€390	€400	€529	€800	€930	€1,050	€1,100
WICKLOW	€315	€325	€529	€710	€850	€900	€910
KILDARE	€320	€325	€485	€600	€750	€850	€900
LONGFORD	€195	€200	€345	€350	€400	€450	€500
WESTMEATH	€220	€260	€407	€450	€550	€590	€600
OFFALY	€220	€240	€407	€485	€550	€590	€600
LAOIS	€235	€240	€407	€485	€550	€590	€600
LIMERICK	€255	€260	€446	€500	€605	€650	€700
TIPPERARY NTH	€260	€265	€407	€450	€550	€640	€655
TIPPERARY STH	€250	€255	€468	€455	€555	€645	€650
CLARE	€220	€260	€407	€450	€550	€600	€650
LOUTH	€285	€286	€468	€529	€600	€685	€700
MONAGHAN	€195	€200	€368	€390	€500	€540	€550
CAVAN	€195	€200	€368	€400	€450	€500	€510
MEATH	€260	€265	€468	€550	€650	€700	€750
DONEGAL	€235	€240	€368	€455	€500	€550	€560
LEITRIM	€190	€200	€368	€390	€400	€450	€500
SLIGO	€220	€240	€407	€485	€540	€550	€600
WEXFORD	€260	€300	€468	€520	€600	€650	€660
WATERFORD	€270	€280	€468	€470	€550	€650	€660
CARLOW	€260	€300	€468	€500	€600	€650	€660
KILKENNY	€260	€300	€468	€520	€600	€650	€665
KERRY	€235	€240	€407	€500	€550	€640	€650
CORK	€285	€290	€468	€610	€705	€765	€800
MAYO	€220	€225	€450	€455	€550	€600	€610
GALWAY	€255	€260	€468	€550	€700	€750	€760
ROSCOMMON	€190	€195	€370	€375	€450	€500	€520

Rent Supplement Outturn and Volume by County (Excluding Dublin)

Comments: There are over 62,000 rent supplement (RS) tenancies outside of Dublin, accounting for 65% of all RS tenancies, at a cost of approximately €270m, which is 54% of the 2011 provisional outturn.

County	Basis of Analysis during Rent Limit Review	Recipients	% of Total Recipients	Average Payment	Annualised Cost '€000	% of Annualised Cost
CARLOW	Whole county	1,464	2%	363	6,375	2.4%
CAVAN	Cavan Town; Whole County	879	1%	265	2,794	1.0%
CLARE	Ennis; Whole County	1,923	3%	327	7,554	2.8%
CORK	Cork City, Suburbs & Commuter towns	10,726	17%	374	48,086	17.9%
DONEGAL	Letterkenny	2,943	5%	298	10,514	3.9%
GALWAY	City Centry, City Suburbs & Commuter towns; Whole County	4,602	7%	347	19,135	7.1%
KERRY	Tralee; Whole County	2,276	4%	308	8,415	3.1%
KILDARE	Celbridge, Kilcock, Naas, Newbridge, Clane, Kilcullen, Kildare, Maynooth, Monasterevin, Sallins, Staffan; Whole County	4,454	7%	486	25,959	9.7%
KILKENNY	Kilkenny City; Whole County	1,612	3%	351	6,789	2.5%
LAOIS	Portlaoise; Whole County	1,172	2%	343	4,826	1.8%
LEITRIM	Carrick on Shannon; Whole County	439	1%	244	1,288	0.5%
LIMERICK	Limerick City, Suburbs & Commuter Towns	3,878	6%	352	16,361	6.1%
LONGFORD	Longford Town; Whole County	634	1%	250	1,905	0.7%
LOUTH	Drogheda & Dundalk	2,700	4%	368	11,907	4.4%
MAYO	Ballina & Castlebar; Whole county	2,942	5%	335	11,811	4.4%
MEATH	Ashbourne, Athboy, Bettystown, Dunshaughlin, Navan, Trim, Ratoath, Kells, Laytown, Enfield; Whole County	2,690	4%	409	13,194	4.9%
MONAGHAN	Monaghan Town, Carrickmacross & Castleblaney	521	1%	276	1,726	0.6%
OFFALY	Edenderry & Tullamore	1,312	2%	325	5,111	1.9%
ROSCOMMON	Athlone, Castlerea, Ballaghaderreen & Roscommon Town	1,269	2%	275	4,182	1.6%
SLIGO	Sligo Town, Collooney, Tubbercurry & Ballymote	678	1%	286	2,327	0.9%
TIPPERARY	Tipperary North - Nenagh & Thurles; Tipperary South - Clonmel & Tipperary Town	2,622	4%	326	10,270	3.8%
WATERFORD	Waterford & Dungarvan; Whole County	2,070	3%	326	8,093	3.0%
WESTMEATH	Athlone & Mullingar	1,627	3%	313	6,108	2.3%
WEXFORD	Enniscorthy, NewRoss & Wexford Town	4,032	6%	370	17,914	6.7%
WICKLOW	Whole County excluding Bray, Greystones & Delgany	2,717	4%	501	16,345	6.1%
TOTAL		**62,182**	**100.0%**	**360**	**268,986**	**100.0%**

9. Rent Supplement Outturn - Dublin by Postal Code and County

Comments: There are approximately 34,000 rent supplement (RS) tenancies in County Dublin, accounting for 35% of all RS tenancies, at a cost of approximately €227m, representing 46% of the 2011 provisional outturn. Average costs in Dublin 15, 16 and 17 are at or above €665 per month- indicating a higher concentration of larger families in these areas with less house sharing within the mix. Dublin 15 and Dublin 7 still have the highest numbers of rent supplement recipients.

County	No. of Recipients	Share of Dublin	Monthly Average Rate	Annualised Cost '€000	Share of Cost
CO. DUBLIN***	5,890	17%	611	€43,202	19%
DUBLIN 1	1,530	5%	422	€7,754	3%
DUBLIN 2	295	1%	337	€1,192	1%
DUBLIN 3	1,318	4%	467	€7,400	3%
DUBLIN 4	405	1%	443	€2,156	1%
DUBLIN 5	752	2%	590	€5,330	2%
DUBLIN 6	1,914	6%	404	€9,276	4%
DUBLIN 6W	473	1%	445	€2,530	1%
DUBLIN 7	3,062	9%	464	€17,064	8%
DUBLIN 8	2,583	8%	428	€13,290	6%
DUBLIN 9	1,389	4%	510	€8,507	4%
DUBLIN 10	396	1%	610	€2,903	1%
DUBLIN 11	1,676	5%	605	€12,174	5%
DUBLIN 12	1,069	3%	601	€7,721	3%
DUBLIN 13	815	2%	623	€6,093	3%
DUBLIN 14	384	1%	564	€2,601	1%
DUBLIN 15	4,008	12%	674	€32,436	14%
DUBLIN 16	505	1%	665	€4,030	2%
DUBLIN 17	431	1%	684	€3,541	2%
DUBLIN 18	524	2%	618	€3,890	2%
DUBLIN 20	256	1%	580	€1,784	1%
DUBLIN 22	1,640	5%	626	€12,335	5%
DUBLIN 24	2,612	8%	637	€19,984	9%
Total	**33,927**	**100.0%**	**558**	**227,195**	**100.0%**

*** County Dublin includes addresses without postal code data.

10. Sample of Counties – Findings and Analysis

The following counties have been selected to present a high end evaluation of some of the analysis collated during this review:

i. Mayo
ii. Roscommon
iii. Galway
iv. Dublin - Fingal
v. Dublin – Non-Fingal
vi. Wexford

Each chart shows a trend line for each county's average rents for the last seven quarters with three bars showing 2009, 2010 and the new rent limits.

The axis on the left (i.e. bar chart values) shows the values associated with the 2009, 2010 and new rent limits.

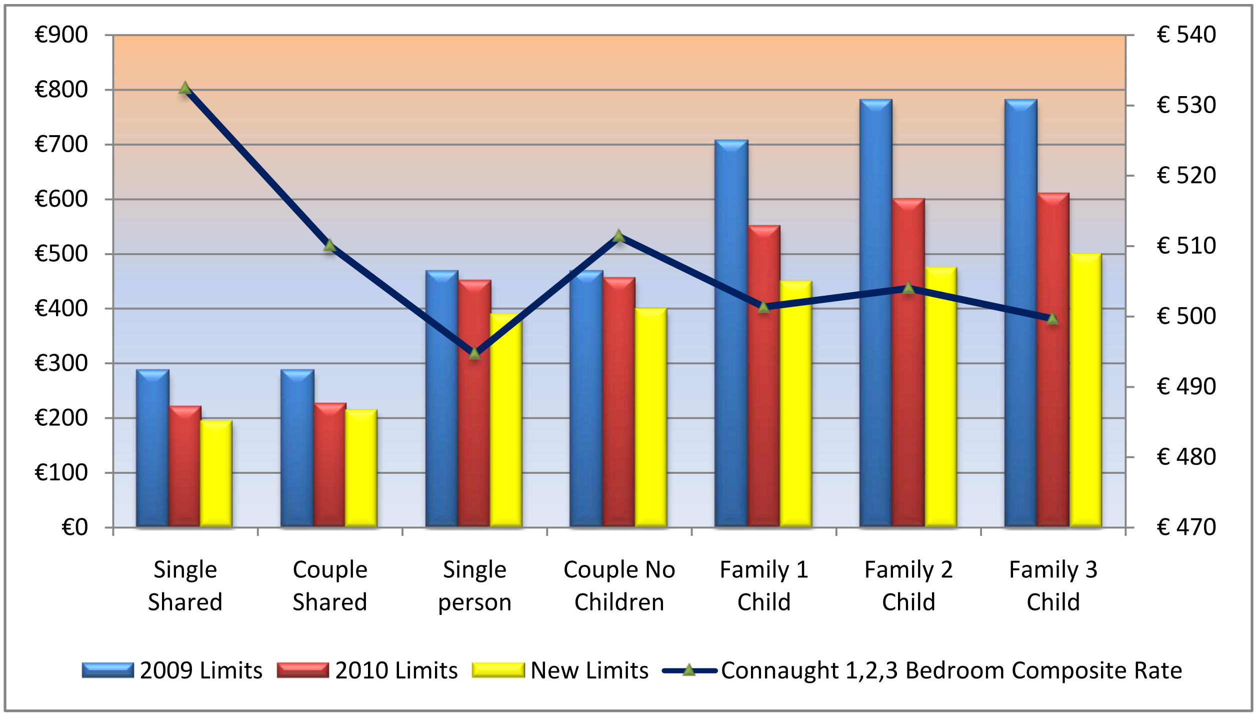
The axis on the right (i.e. the line on the graph) shows the values associated with the weighted average rental values of 1, 2 and 3 bedroom properties for the province / region as a whole over seven quarters.

In general rents have stabilised using CSO and Daft indices, though there is still a perceived downward trend for most non-urban areas where there is a surfeit of supply. The exception appears to be in Dublin and other major urban areas (Dublin and Galway presented) which appear to indicate marginal upward price inflation.

There was clear evidence that the older rent limits (prior to 2010) established asking rental prices that were in excess of that which a free market would have set. The 2010 rent limit review lead to significant savings in Mayo, Roscommon and other more rural counties (Sligo, Offaly etc).

i. Mayo

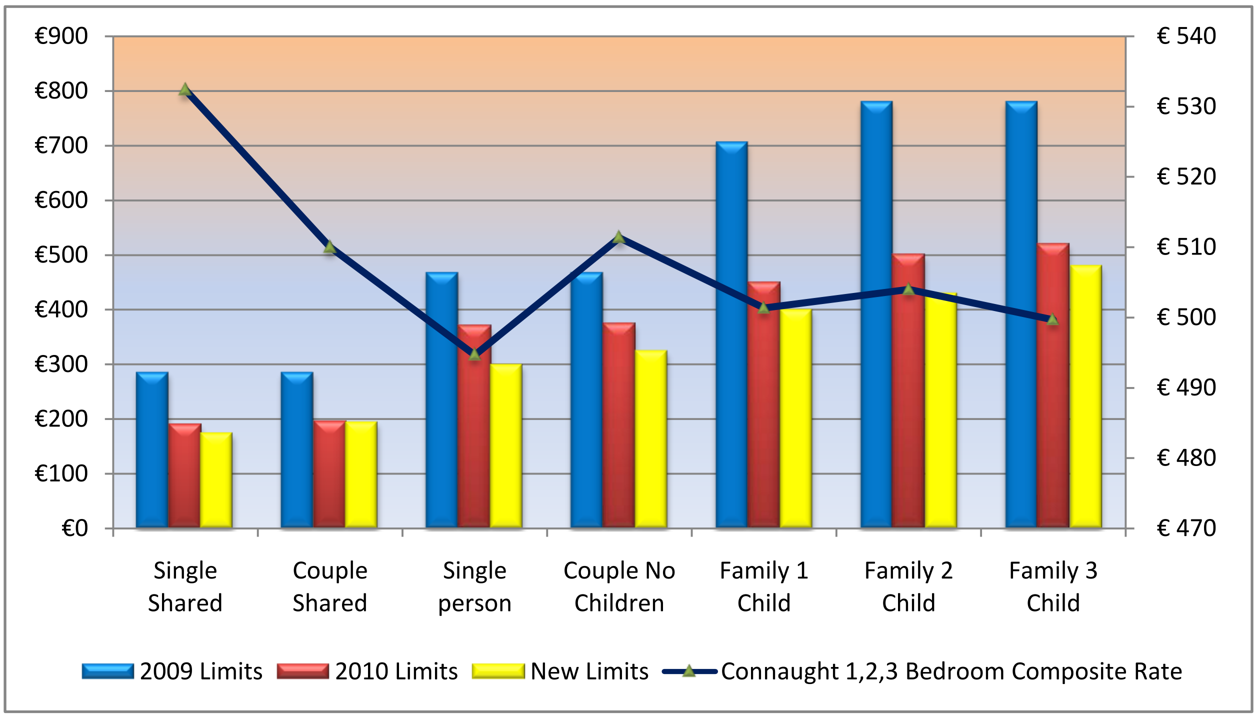
The changes to the rent limits in Mayo are a further realignment of rents from the 2010 examination. The three bedroom maximum rent limit has been revised downwards by €110 (€610 to €500). Rent limits in this county have been historically out of line with the rental market due to their association with Galway rent limits under the former Health Board structure. For the purpose of the Mayo review, Castlebar and Ballina were selected as the major urban areas. In these main population centres, 42% of three bedroom properties were available at less than or equal to €520, and for two bedroom properties, there were 40% available at a cost less than or equal to €450.



The total number of people s in receipt of rent supplement in Mayo is currently 2,942 (down from 3,090 at the time of the last review) – this represents 3.1% of the total number of rent supplement recipients. The total expenditure on rent supplement for 2011 in Mayo is forecast at €11.8m (from €14.8m at the time of the last review in 2010). Mayo's average rent supplement payment was the fourth highest nationally (excluding Dublin) as at June 2010. However, the impact of the last review appears extremely positive in terms of the current average rate of payment (€335 v €399). Mayo, post the 2010 review, is now only the 12th highest in terms of the average rate of payment. It was forecast that the proposed reductions for Mayo would yield over time €1m in total savings to the Exchequer. It is expected that the new limits based on the 2011 Review will also achieve approximately €1m in savings to the Exchequer over time.

ii. Roscommon

Roscommon had the most significant reductions in terms of maximum rent limits as part of the review in 2010. Similar to Mayo, the reduction in the average rate of payment following the 2010 review (€275 v €358) was significant, a reduction of €83 per month, yielding greater than expected savings to the Exchequer. The current number of people on rent supplement, 1,269 (2010 = 1,285) has shown little change in the interim. It is expected that rent supplement rates for Roscommon will adjust to the new limits naturally. This review's reductions are not as significant as the 2010 adjustments and reflect availability in the market place.

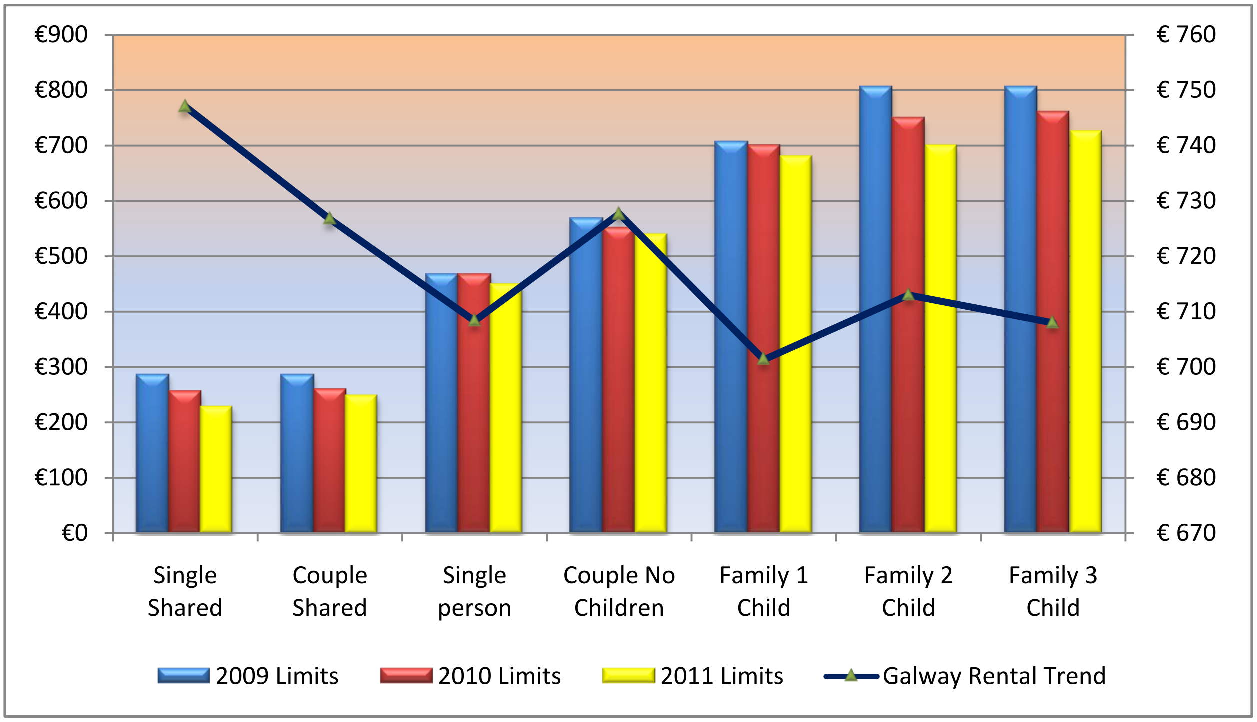


iii. Galway

Galway rent supplement rates have fallen marginally (€347 v €359) since the last review. However, on the face of it all of this reduction can be ascribed to the minimum contributions changes in June 2009 (€3 mid-year minimum contribution – annualised[3], and the change to the €2 SWA differential[4]). The previous rent limit review appears to have had little impact on the average rates of payment in Galway.

The reductions in the 2010 review were marginal and any savings achieved had the potential to be lost due to rents charged outside Galway City not being effectively bounded by a 'non-Galway City rent limit'. That is, Galway City's rent market may have had a distorting effect on rent limits for Galway County as a whole.

The reductions proposed for Galway in 2011 are again only marginal but have regard to the need to ensure availability of stock in Galway City. It is proposed following the introduction of the new limits that the Department will examine rent limits outside of Galway with a view to putting local limits in place for areas outside of Galway City.



The total number of persons in receipt of rent supplement in Galway is 4,602 (v 5,001 in 2010). The total expenditure for rent supplement recipients in Galway for 2011 is forecast at €19.1m (v €21.5m in 2010). The majority of savings in 2011 over 2010 are due to a drop in the number of recipients.

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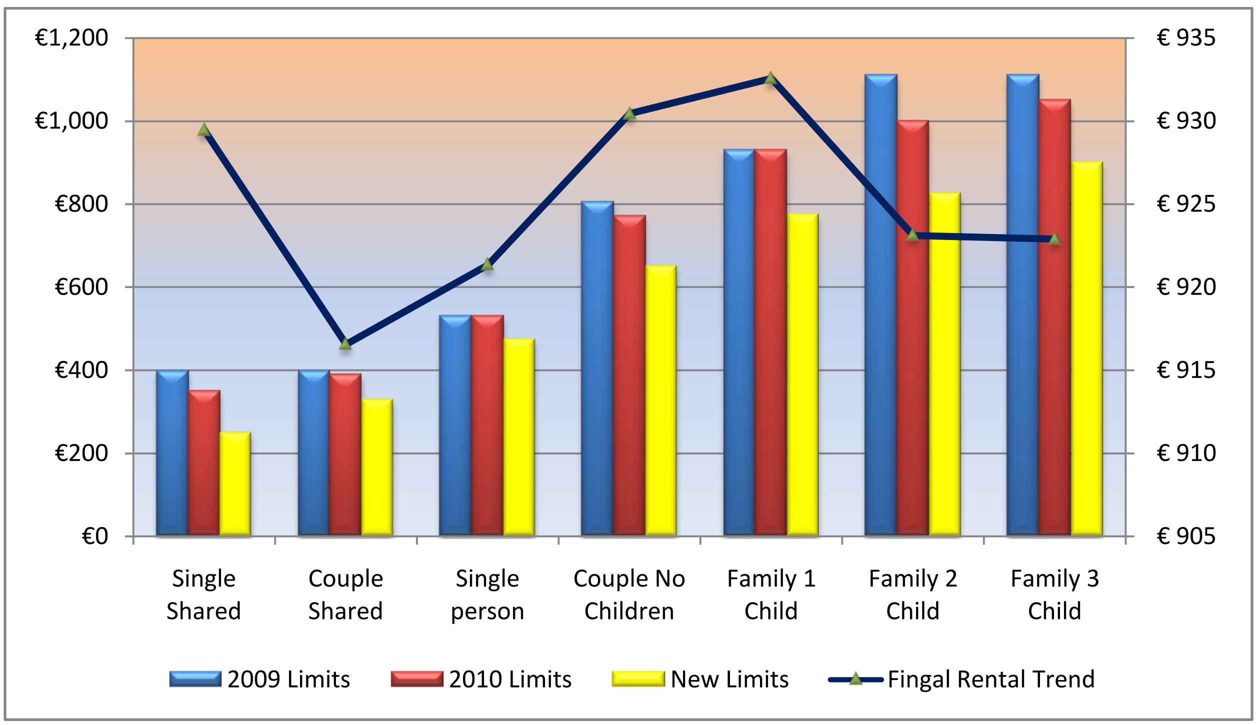
[3] The Supplementary Budget in June 2009 included in its provisions an increase of €6 for the minimum contribution for rent supplement; this resulted in a year on year saving of €3 per week per rent supplement tenancy. For comparison purposes for the year end's of December 2009 and December 2011 the €3 per week rate variance is not included as a saving attributable to the June 2010 rent review.

[4] The Budget in December 2010 altered the Supplementary Welfare Allowance Rate to €186 (v €188 for Job Seekers), this resulted in a rate saving for rent supplement in 2011 of approximately €2 per week. When comparing the year ends of December 2009 and December 2011, this is excluded in determining the June 2010's Rent Limit Review's attributable savings.

iv. Fingal

Two postal districts fall within Fingal; Dublin 13 and Dublin 15. The major suburban area of Dublin 15 is Blanchardstown. Blanchardstown has approximately 4,000 rent supplement tenancies, with the highest average rent supplement payment, €675 (v €714 in 2010), for the entire country. Other major population centres within Fingal catchment area (by the number of rent supplement tenancies – 2010 v 2011) include: Balbriggan (1,057 v 1,000); Swords (900 v 783); Rush (208 v 203); Skerries (203 v 190); Lusk (157, no change); and Malahide (153 v 142).

For the purpose of this exercise, in addition to looking at the rent levels, this review considers the availability at the lower 40th percentile as opposed to considering average rents charged. This process excludes all high socio-economic areas and certain types of accommodation previously included in our averages (penthouses, detached residences etc.) This allows the Department to focus on accommodation that should be available to rent supplement tenants as against analysing the whole market.



During this review there was clear evidence of the market advertising at the Department's maximum limits, with a high degree of clustering around these price points. This included, advertising at €1,050 (maximum rent limit for families with 3 children) – which it was expected would not occur. The proposed rates for Fingal should yield savings over time of approximately €6.4m.

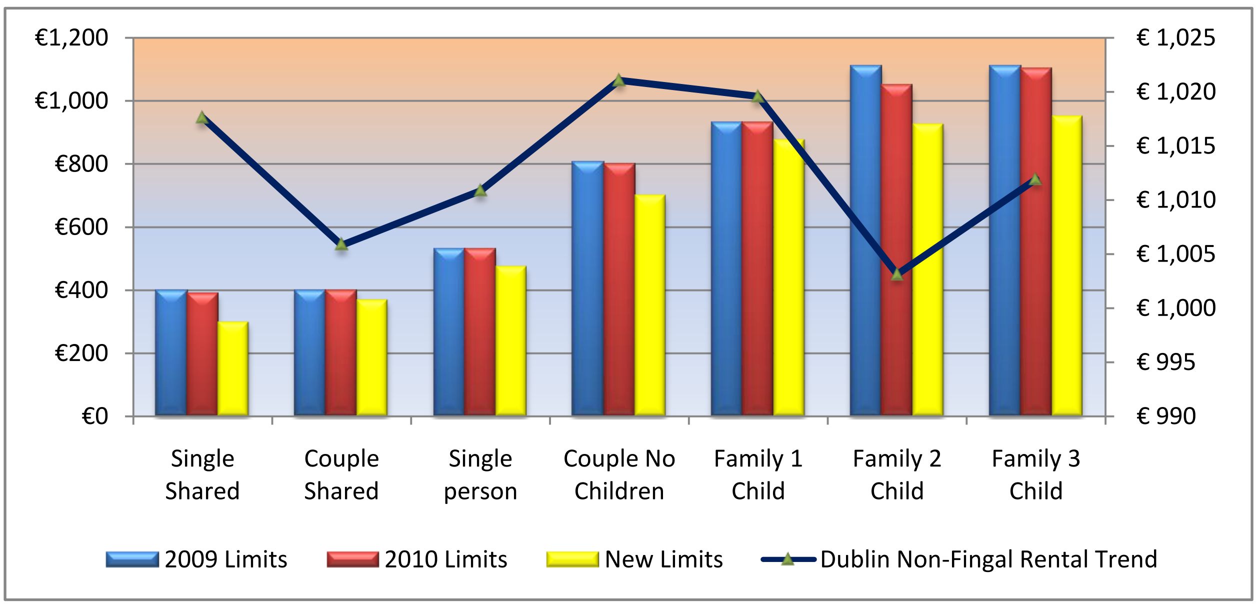
v. Dublin – Non-Fingal

Analysis of Dublin non-Fingal is complicated by the various postal districts and in some cases boundaries between different socio-economic areas. The average rate of payment in this area has shown a variance of €14 since the last rent review in 2010 (€522 v €536) This indicates that, having regard to the changes to the minimum contribution payable by the tenant[5] and the SWA differential adjustments[6], rent supplement payments may have increased since the 2010 review.

The number of sent supplement recipients in the Non-Fingal postal district regions has increased since 2010 by 9.8% (23,214 v 21,129), with overall costs in this region rising by €10m (€136m v €146m forecast). The expected savings from the last rent limit review were eliminated by the increases in the numbers of persons seeking rent supplement in this region.

During the review, similar to other areas, rent supplement appears to be setting the market in certain districts with the maximum rent limits advertised as asking rates expected. The savings from the new rent limits in this area are forecast at €8.1m.

For the purpose of this exercise, in addition to looking at the rent levels, this review considers the availability at the lower 40th percentile as opposed to considering average rents charged. This process excludes all high socio-economic areas and certain types of accommodation previously included in our averages (penthouses, detached residences etc.) This allows the Department to focus on accommodation that should be available to rent supplement tenants as against analysing the whole market.



[5] The Supplementary Budget in June 2009 included in its provisions an increase of €6 for the minimum contribution for rent supplement; this resulted in a year on year saving of €3 per week per rent supplement tenancy. For comparison purposes for the year end's of December 2009 and December 2011 the €3 per week rate variance is not included as a saving attributable to the June 2010 rent review.

[6] The Budget in December 2010 altered the Supplementary Welfare Allowance Rate to €186 (v €188 for Job Seekers), this resulted in a rate saving for rent supplement in 2011 of approximately €2 per week. When comparing the year ends of December 2009 and December 2011, this is excluded in determining the June 2010's Rent Review's attributable savings.

vi. Wexford

For the purpose of the Wexford review, Enniscorthy, New Ross, and Wexford Town were considered. Wexford is perceived as an extension to the feeder county belt surrounding Dublin. The commuter belt as a whole has experienced larger proportionate falls in terms of rental prices than other rural areas over the last number of years.

The previous review had little impact on average rental payments in Wexford (€368 v €383), the majority of which can be ascribed to the alterations in the minimum contribution and SWA differential changes. The numbers of recipients 4,032 (v 3,745) has also increased. Any savings that would have been made (minimum contribution and SWA differential) since the last rent review have been eliminated by the increase in number of recipients. The forecast for 2011 outturn is €17.9m (v €17.2 in 2010).

It is projected that 2012 changes in Wexford should yield €1.3m in savings to the Exchequer.