

Department of Social Protection

Supplementary Welfare Allowance Unit

Review of Bray, Delgany and Greystones Maximum Rent Limits

February 2012

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.

The focus of the recently completed national maximum rent limit review was to ensure an adequate level of housing stock is available, using the 40th percentile as the basis for establishing rent limits. Using 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. Where appropriate, each county's major urban area was used to stress test and benchmark the new limits established.

During the December 2011 maximum rent limit review it was decided to isolate Bray due to the high levels of rent compared to the rest of County Wicklow. Delgany and Greystones were also included in this analysis due their proximity to the Bray area. Other areas considered, namely Newtownmountkennedy and Kilcoole, due to smaller availability of housing stock and their relative distance to Bray were not considered an extension of the Bray market. This document summarises the analysis of Rent Supplement tenancies in Bray, Delgany and Greystones (BDG) area and provides details of maximum rent limits appropriate.

Main Findings

1. There are 834 Rent Supplement cases in the three review areas: Bray, 602; Greystones, 187; and Delgany, 45.

2. The total number of persons in County Wicklow on Rent Supplement at end 2011 was 2,717. The BDG Rent Supplement tenancies represent approximately one third of the total number of persons on Rent Supplement in County Wicklow.
3. The forecast total cost of Rent Supplement for these three areas is €5m per annum, 1% of the total Rent Supplement outturn for 2011.
4. As at 15th of February 2012 there are 73 persons on the Rental Accommodation Scheme (RAS) in Bray, 41 in Greystones and 12 in Delgany.
5. The number of PRTB registered tenancies for 1, 2 and 3 bedroom properties in 2010 and 2011 for Bray was approximately 1,465.
6. The number of Rent Supplement tenancies not in sharing arrangements is 507 cases. Added to the total number of RAS cases (73), means that there are approximately 580 privately owned properties in Bray providing accommodation for those that traditionally suit the profile of social housing stock accommodation (assuming all RS tenancies will eventually move to RAS).
7. Approximately, 35% of all privately owned properties in Bray, not including local authority housing stock, that are available for rent are in some form of social housing or income support arrangement (either RAS or RS).
8. Analysis of the current rent supplement base has shown that the majority of rent supplement tenancies are renting at levels around the relevant maximum limits established for each category in June 2010.

Overview of Bray Rental Market Price Structure

Traditionally, Bray (and by extension Delgany and Greystones) in terms of rent supplement, was permitted the use of the County Dublin limits. It was noted during analysis for the June 2010 Maximum Rent Limit Review that Dublin limits for the Bray area had become a significant distorting influence for the local market. One of the findings was that a significant proportion of properties in Bray were advertised (especially 1 and 2 bedroom properties) at the relevant Dublin maximum limit with virtually no property advertised above this rate – landlords were seeking the maximum rent limit for Dublin for a large proportion of rental properties in Bray. The conclusion was that rents were out of line with the natural supply and demand points expected for the Bray area.

The June 2010 Rent Limit Review broke the link between Bray and South Dublin maximum limits with Bray subsequently aligned to Wicklow. To avoid a possibility of ‘non-BDG Wicklow County area’ experiencing increases in rent due to the maximum limits being set too high (trying to accommodate Bray), the December 2011 review has set the new limits for Wicklow excluding BDG as part of the

rent limit calculations. The new limits for Wicklow County were set based on availability within Arklow and Wicklow Town. It was agreed that Bray, Delgany and Greystones could be assigned separate limits if necessary, and would be treated separately.

The following table presents current average rents paid for each category of rent supplement case in BDG (this analysis includes suspended cases). It is very clear that a great deal of adjustments have occurred with rents post the June 2010 review with the majority of rents charged at or below the June 2010 limits or the very least trending to the June 2010 limits.

Category	June 2010 Limits	Bray	Greystones	Delgany
Single Shared	315	335	331	327
Single Person	529	520	505	530
Couple No Children	710	734	639	
Couple 1 Child	850	865	839	879
Couple 2 Child	900	869	919	949
Couple 3 Child	910	910 ¹	910 ¹	
OPF 1 Child	850	837	835	823
OPF 2 Child	900	915	922	
OPF 3 Child	910	910 ¹	910 ¹	910 ¹
Blended Average		680	695	619

Option Summary

There are four scenarios presented for BDG limits: They are:

1. **Use the current Wicklow limits.** The current discount for Bray would require a 24% reduction on asking rents by landlords.
2. **Establish new limits** by applying a reduction to the current Rent Supplement rental rates for BDG in line with the average national discount made during the December 2011 review.
3. **Use the previous June 2010 limits for County Wicklow for Bray.** That is no change for Bray limits; keeping the previous County Wicklow limits in place.
4. **Use the current South Dublin limits.** This scenario centres on re-attaching Bray back to Dublin's rates and similar to option 3.

¹ Estimate based detailed analysis of the 3 child rates, due to the small number of cases, and the number of suspended cases in this category, the ISTS rents charged range at approximately €910.

	Single Shared	Couple Shared	Single	Couple	Couple / OPF 1 Child	Couple / OPF 2 Child	Couple / OPF 3 Child
County Wicklow Limits	240	290	440	525	625	670	740
Proposed BDG Limits	275	300	450	625	725	800	850
2010 County Wicklow Limits	315	325	529	710	850	900	910
Current South Dublin limits	300	370	475	700	875	925	950

Recommendation

It is recommended that new limits are established for the Bray, Greystones and Delgany (BDG) areas by applying a reduction to the current average rents of Rent Supplement tenants in line with the average national reduction made to rent limits by the December 2011 review. This recognises BDG as having a different rent structure to the rest of the county and removes the risk of a price distorting affect to the greater Wicklow area.

The new limits as set out in the following table:

	Single Shared	Couple Shared	Single	Couple	Couple / OPF 1 Child	Couple / OPF 2 Child	Couple / OPF 3 Child
Proposed	275	300	450	625	725	800	850