Section 9.6 of the Memorandum on the Capital Funding Schemes for Approved Housing Bodies (Memorandum: VHU: 2/02 May, 2002) sets out the parameters under which rent for capital assistance scheme housing units should be set.

In the Memorandum it states that Approved Housing Bodies (AHB) should fix rents for the units provided at levels which are reasonable having regard to tenants’ incomes and the outlay of the AHB on the accommodation including the on-going costs of management. It also states that under the Capital Assistance Scheme the housing authority has clear rights of consultation in relation to the fixing of rents generally.

It should be noted that the term ‘rent’ applies only to the letting and occupancy of the dwelling unit itself and the amount of the rent should be quoted in full irrespective of any social welfare or rent allowance support for which the tenant may qualify. Rent therefore does not include other related charges such as service charges which are often common in apartment complexes.

This essentially means that the AHB should set a rent which is fair, reasonable and justifiable to the tenant and takes into account the cost to the AHB of providing the accommodation. This is known generally as an ‘economic rent’ and is not a market rent or ‘differential rent’ which is based on total household income.

**How to Calculate an Economic Rent**

The Board of an AHB should adopt a rent policy which sets the rent at a level *which is fair and meets the running costs incurred by the AHB in providing the accommodation.* The Board should consider the following cost factors when setting the rent levels for CAS housing units:

- Management overhead costs such as administration, accountancy costs, insurance charges and public lighting\(^1\).
- Repayment of loans, financing costs.
- Staff costs e.g.
  - Caretaker/warden.
- Maintenance costs: response repairs, cyclical maintenance, sinking fund.

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\(^1\) Please note that special needs housing schemes are exempt from paying the Local Property Tax.
Service charges should also be determined so that tenants are clear from the beginning of a tenancy on the rent charge and the service charge (refuse, communal utilities charges etc.) and that these are two separate charges which the tenant is liable for.

It is important that an appropriate ‘economic rent’ is charged to tenants to meet the running costs incurred in providing the accommodation and to ensure a sinking fund can be provided for the properties general upkeep and maintenance. A rent policy will ensure clarity and equity between tenants as to their rent and service charges.

Rent Supplement
Tenants of approved housing bodies who are on a low income can apply for rent supplement based on their means to assist them in the payment of their rent. **The weekly maximum rates of rent supplement are €55 per week for single people and €60 per week for couples** (Statutory Instrument No. 412 of 2007).

Tenants under the Capital Assistance Scheme (CAS) who are eligible for rent supplement pay a **minimum contribution** towards their rent. In the Government’s 2013 Budget **this contribution was increased from €24 to €30 per week.** This minimum contribution that a tenant is expected to pay has been increased by the Government in successive budgets over previous years. If tenants are continuing to pay the old rates of €13, or €18 or €24 per week the AHB should increase this in light of the current requirement to pay €30 per week. This could be on a transitional stepped basis.

As of January 2011, certain welfare recipients had to contribute an additional €2 per week towards their rent with CAS cases to be reviewed at local level to identify in which circumstances the €2 rent supplement should apply. This means that some tenants will be required to pay an additional €2 to their minimum rent contribution of €30 (total €32).

CAS transfer of existing rent supplement recipients
Existing CAS tenants in receipt of rent supplement were transferred under an administrative arrangement with the introduction of RAS. This meant that for all tenants of housing associations who were receiving rent supplement, the responsibility of payment moved from the Community Welfare Officer (CWO) to the relevant Local Authority (ref: GN005).

With regard to new cases where a new tenant enters the housing scheme who is not already on rent supplement or where an existing tenant in the project is not in receipt of rent supplement but wishes to apply for same and may be eligible, they must apply to the CWO.

Impact of Housing Assistance Payment (HAP) on CAS Accommodation
Section 47 of the Housing (Miscellaneous Provisions) Act (2014) refers to Housing Assistance in respect of accommodation provided under the Capital Assistance Scheme. Although section 47 referring to CAS accommodation has not been commenced yet, new tenants for CAS properties are currently impacted.
Once HAP has commenced in a local authority area, the eligibility for Rent Supplement in that area changes – rent supplement is no longer available for anyone qualified for social housing support in that local authority area. The Community Welfare Officer will refer the household to the local authority for HAP.

For new tenants for CAS properties, the CWO carries out the assessment, passes this directly to the LA and the tenant moves directly to RAS as an interim arrangement before commencement of S47.

**ICSH recommended CAS Rent level**

Below is the ICSH recommended CAS rent level for one and two bedroom CAS homes. It is for the Board of Management to set the rent for its own scheme based on the annual running costs and taking into account the tenants’ means. The ICSH Housing Association Performance Management (HAPM) framework collates information on rents that are charged within the sector under CAS. In 2013 the average CAS rent charged by participating members was €66.50 per week.

<table>
<thead>
<tr>
<th>CAS Rent Level Example</th>
<th>Rent Allowance</th>
<th>Minimum contribution by Tenant</th>
<th>Total Rent Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single persons</td>
<td>€43</td>
<td>€30</td>
<td>€73</td>
</tr>
<tr>
<td>Couples</td>
<td>€48</td>
<td>€30</td>
<td>€78</td>
</tr>
</tbody>
</table>

Please contact the ICSH Development Team for more information on 01 6618334.