

## **CORK CITY COUNCIL DIFFERENTIAL RENTS SCHEME 2014**

### **1. Scope of Scheme**

This scheme will apply with effect from week commencing 1 January 2014. It will supersede all existing Rent Schemes and will be subject to review on a regular basis as circumstances dictate.

The aim of the scheme is to achieve equitable rents for all tenants based on household income while ensuring transparency and accountability.

### **2. Differential Rents**

- i. Rents for dwellings let on Differential Rent will be calculated in accordance with Paragraph 3 below, as 15% of the assessable income of the Principal Earner together with a calculated contribution from any subsidiary earners in the household. In determining rent in the case of a new or transferred tenancy, assessable income will be reckoned by reference to the income situation of the family at date of signing new Letting Agreement.
- ii. Assessable income of the principal earner is income from the following sources but reduced by statutory deductions and pension contributions on such income.
  - (a) Income from employment including self-employment.
  - (b) All social insurance and social assistance payments, allowances and pensions, Health Service Executive allowances, FAS training allowances, VTOS and Youth Reach schemes except payments listed at (vii) below.
  - (c) Income from pensions of kinds not already included in (b)
  - (d) Maintenance payments from another person.
  - (e) Family Income Supplement (FIS)
  - (f) Income from Community Employment Schemes or national internship schemes.
  - (g) Income from any other source not mentioned above.

Where the income details submitted are less than the minimum social welfare entitlement for a specific family composition, the rent will be assessed based on general social welfare entitlements.

iii. **Assessment of Self-Employed Persons**

Persons who are self-employed will be assessed on a minimum net income of €510.

iv. **Income of an employed person** is, in general, the normal weekly rate of remuneration as defined in the relevant legislation. All regular payments in the nature of pay are included.

v. **Principal Earner** is the person (either the tenant or any other person normally resident in the household) who is in receipt of the highest assessable income within the household. In the event of this provision giving rise to undue hardship, the City Council may designate the tenant as the principal earner.

vi. **Subsidiary Earner** is a member of the household other than the principal earner, who has an income.

vii. Income from the following sources is disregarded for the purposes of Rent Calculation:

- (a) Children's allowances, orphan's allowances or orphan's pensions payable under the Social Welfare (Consolidation) Act 1981.
- (b) Scholarships and Higher Education Grants
- (c) Allowances payable under the Boarding Out of Children Regulations 1954.
- (d) Allowances or assistance received from any charitable organisation.
- (e) Allowances for domiciliary care of handicapped children under the Health Act, 1970.
- (f) Lump sum compensation payments.
- (g) Infectious diseases maintenance allowance.
- (h) Social Welfare extra increase for people aged 80 or over.

- (i) Social Welfare Living Alone Allowance.
- (j) Social Welfare Fuel Allowance and Smokeless Fuel Allowance
- (k) Social Welfare Dependent Child Allowance in excess of €26 per child.
- (l) Deduction of a court ordered maintenance payment subject to production of satisfactory proof of the deduction.
- (m) That amount in excess of the reference rate (basic social welfare rate) of payments made by the Department of Social Protection in respect of Carer's Allowance.
- (n) Foster care allowance.

### **3. Calculation of Rent.**

The rents of dwellings let on Differential Rent will be determined on the basis of the following scales of assessable income as shown hereunder:

- Each person will have a standard weekly allowance of €39.00 or €54.00 where there is a dependent adult not in receipt of or entitled to an income.
- €20.00 will be allowed for each dependent child until they reach the age of eighteen years or until they reach the age of twenty two years if they continue to receive full time education.
- 15% of the balance will be assessable for rent.
- In the case of income derived from employment the same allowances will apply to income, exclusive of statutory deductions of income tax, Universal Social Charge, PRSI, pension levy and pension contributions. 15% of the remaining income will be calculated for rent.
- An allowance of €44.40 will apply to subsidiary earner incomes after statutory deductions of income tax, Universal Social Charge, PRSI, pension levy, and pension contributions have been deducted. 15% of the balance will be calculated and will be added as rent, subject to a maximum contribution of €23.80 per subsidiary earner.

Cork City Council may, where circumstances warrant it, make appropriate adjustments at the marginal points of the scale when calculating rents.

**4. Minimum Rent**

Where the rent determined in accordance with Paragraph 3 above would result in a rent of less than €22.10, a rent of €22.10 will apply.

**5. Hardship**

In exceptional circumstances where payment of a rent calculated under Paragraph 3 would, in the opinion of Cork City Council, give rise to hardship, the City Council may agree to accept a lesser sum from a tenant from and for a specified period. Such lesser sum would not be less than 6% of disposable income of the principal earner.

**6. Review of Income**

The tenant is required to notify Cork City Council immediately of any change in income or in household make-up or circumstances. Failure to do so will lead to retrospective adjustment of rent to the date the change in circumstances took place or a date as determined by Cork City Council.

If the tenant does not declare any change in the household income then he/she is in breach of the terms of their tenancy agreement.

**7. Fixed Rents**

Where a fixed rent applies to a dwelling, the rent will be increased by €1.27 per week with effect from the commencement of the Scheme. The City Council will offer tenants on fixed rent the option of paying Differential Rent.

**8. Rounding Up and Down**

Where the rents calculated in accordance with the preceding paragraphs are not multiples of 10 cent, they will be rounded to the nearest 10 cent.

**9. Setting of Rents**

Cork City Council reserve the right to set the rent in the case of households who do not return income details.

## **10. Penalty Rent**

Where a tenant fails to provide the City Council with household income details, when requested to do so, a penalty of €25 per week will be imposed while the requisite information remains outstanding.

## **11. Additional Charges**

Cork City Council reserve the right to apply extra charges to some properties to cover the cost of additional services provided to them, e.g. heating charges, boiler servicing charge.