

Trends in Social Housing Supports: Housing Assistance Payment (HAP)

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Introduction

The Housing Assistance Payment (HAP) is a type of rental support provided by local authorities. Under this scheme, local authorities make a monthly payment to landlords, while HAP tenants pay weekly contributions towards the rent to the Local Authority based on the household income (HAP, 2021). The HAP amount a family receives depends on household income and composition, rental costs and dwelling characteristics including location. An applicant is immediately eligible for HAP if the household is eligible for social housing. Considered as social housing support, once a household has secured accommodation with HAP, they are removed from the social housing waiting list, since their social housing need is deemed to be met.

The *Rebuilding Ireland Action Plan*, launched in 2016, places a heavy reliance on HAP as a key component of social housing provision. In practice, the plan envisions that HAP will replace the long-term use of 'Rent Supplement', a subsidy for people living in the private rental sector. Rent Supplement is therefore being returned to its original function - to meet the short-term need for housing support, for example, as a result of unemployment (Threshold and SVP, 2019). *Rebuilding Ireland* focuses on the private rental market as the primary source for 85% of new social housing tenancies, offering a leading role to the private sector in providing homes when and where markets dictate - albeit regulated by planning restrictions (NERI, 2017).

However, the shortage of available suitable private rented accommodation, escalating rents, the lack of social housing, and insecurity of tenure has raised concerns about HAP as a viable social housing alternative (see NERI, 2017; Threshold and SVP, 2019; Hearne and Murphy, 2017; Lima, 2020; Norris and Hayden, 2018). People on HAP are already particularly vulnerable and disadvantaged and the task of trying to source HAP accommodation in a tight and competitive private rental market can often result in additional stress on these families (Citizen Information Services, 2017). In what follows, this paper briefly presents the profile of HAP households in Ireland, an overview of how HAP is implemented, the type and location of HAP properties, and HAP expenditure from 2014 to 2019.

Profile of HAP Users

HAP is provided to a variety of households in Ireland, from single people households to larger families with children. Data from the CSO (Central Statistics Office, 2020) shows that the majority of households entering into a HAP tenancy in 2019 were single persons with one child (3,550)

and single persons (3,180). Single HAP users accounted for 28% of all users in 2016. By 2018, this number had increased to 61%. In 2019 (Q2), this group accounted for 23 % of all HAP tenancies. Altogether, single, single +1, and single +2 households accounted for 59% of all active tenancies in 2016 (See Table 1) (IGEES, 2019).

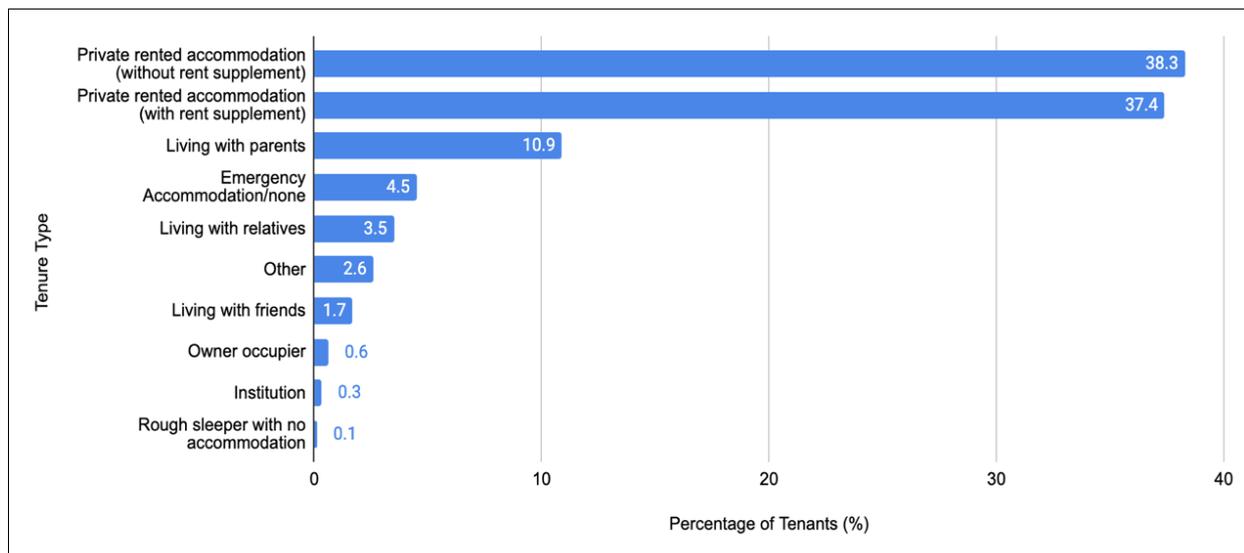
Table 1 - Table of Households Entering Into HAP – By Year and Family Type1

Year	Single	Single 1 Child	Single 2 Children	Single 3+ Children	Couple	Couple 1 Child	Couple 2 Children	Couple 3+ Children	Other	All
2014	140	70	50	30	20	30	50	30	20	420
2015	1,530	1040	630	360	190	370	540	470	220	5,350
2016	3,090	2230	1,430	770	410	780	1,120	970	460	11,250
2017	3,970	3,650	2,240	1,070	680	1,250	1,810	1,460	800	16,930
2018	3,550	3,790	2,090	990	690	1,420	1,740	1,300	1,000	16,550
2019	3,180	3,550	1,850	820	610	1,240	1,360	950	990	14,540

Source: CSO, 2020.

Before entering into HAP tenancies, over 75% of HAP tenants identified as living in private rental accommodation, according to data obtained from the housing waiting lists from 2016 to 2019 - see Figure 1 below (CSO, 2020). Of those, 38.3% were recipients of Rent Supplement and 37.4% were paying rent without government supports. A little over 16% were living with parents, relatives or friends before entering HAP.

Figure 1 – HAP Tenants Per Tenure Type Before Entering HAP (2014-2019)



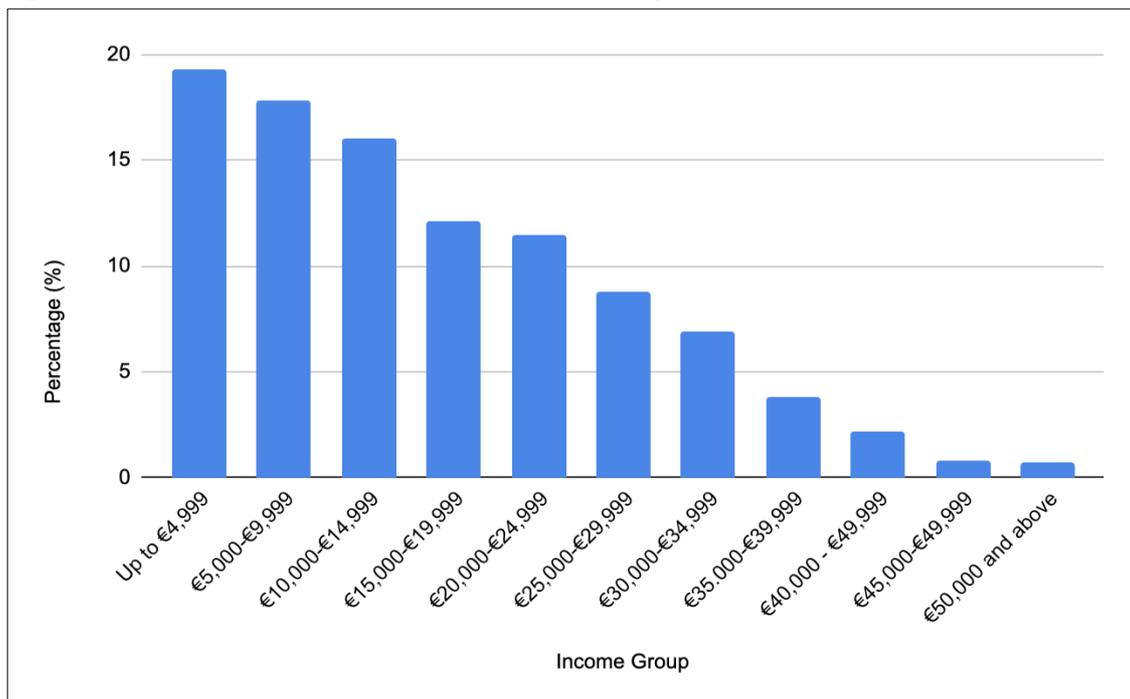
Source: CSO, 2020

HAP allows recipients to work full time – as opposed to the Rent Supplement scheme which has income limits. Regarding income, the median household annual earned income - the combined household gross pay - for households entering HAP was €13,816 in 2018, an increase from 2015 when it was €8,982 (CSO, 2020). As a comparison, the nominal median equivalised disposable income was €22,872 in 2018 (CSO, 2019). It suggests that people entering into the HAP scheme - even when the income of all household members is combined – are at nominal risk of the poverty threshold, which stood at €13,723 (i.e. 60% of the median) in 2018. CSO data also shows that 19.3% of households who started receiving HAP in 2018 had an income of less than €5,000, while just over half (53.1%) earned less than €15,000 and 3.7% earned over €40,000 (CSO, 2020).

In other words, 37% of HAP entrants in 2018 were at risk of poverty. Figure 2 illustrates the income range when it comes to HAP.

In 2018, 20.5% of all working HAP tenants were employed in the wholesale and retail trade sector (in comparison, 13.4% of all people at work in Ireland are in these sectors), followed by the accommodation and food sectors with 16.6% and administrative and support services with 14.6%.

Figure 2 – Annual Household Earned Income Percentage Distribution in 2018



Source: CSO (2020).

HAP Implementation

HAP was created in 2014 and became nationally operational in 2017. By mid-2019, 62,739 tenancies had been created since the scheme began (AGEES, 2019). Seven local authorities participated in the initial HAP roll out: Limerick, Cork, Kilkenny, Louth, Waterford, Monaghan and South Dublin, with an initial 485 tenancies being supported and a €446,000 budget. By 2017, all 31 local authorities were part of the HAP scheme. In the 2016-2018 period, 47,917 HAP tenancies were established, accounting for 67% of all social housing tenancies provided during this period. Figure 3 shows the distribution of tenancies among local authorities. More than half of those tenancies (24,213) were concentrated in eight counties: Dublin City, Cork City, Cork County, South County Dublin, Louth, Tipperary, Kildare and Meath (AGEES, 2019). Table 2 shows an overview of how HAP was implemented up to 2019.

Table 2 – HAP Implementation (2014-2019)

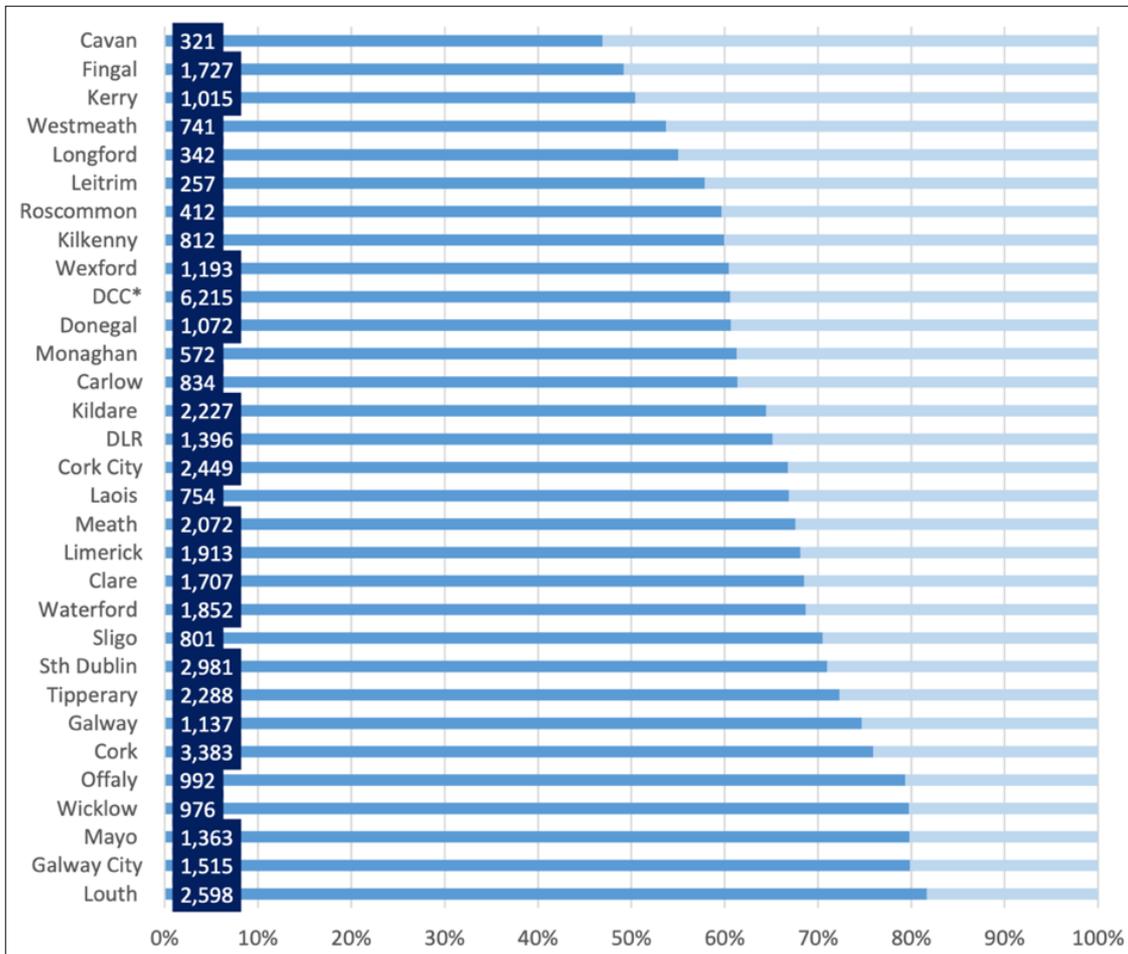
Year	Target	New Tenancies (Inc. Rent Supplement Transfers)	RS Transfers	Social Housing Waiting List	HAP Annual Budget
2014	n/a	485	n/a	89,662	446,000
2015	8,400	5,680	2,100	89,662	15,000,000
2016	12,000	12,075	3,661	91,600	47,000,000
2017	15,000	17,916	4,131	85,799	152,700,000
2018	17,000	17,926	3,329	71,858	301,336,000
2019	16,760	17,025	2,799	68,693	422,729,000

Source: DHPLG, 2020.

HAP recipients are removed from the social housing waiting list. Unlike a Local Authority tenancy, when a HAP tenancy ends, it is the responsibility of the tenants to source new HAP accommodation. HAP tenants can return to the Local Authority or an AHB (Approved Housing Body) waiting list if they apply to the Local Authority's transfer list. In 2019, 3,304 (23%) of 14,478 closed HAP tenancies exited the scheme by transferring to an Local Authority or AHB managed homes (AGEES, 2019).

HAP tenancy agreements are similar to all private rental tenancies and therefore are subject to the Residential Tenancies Act. The rent must be within the HAP rent limits for household size and location. Local authorities have the power to concede a 20% discretionary uplift in HAP payments. At the end of 2018, 26.6% of the total number of households supported by HAP were being provided with the discretionary raise (Threshold and SVP, 2019). According to the Department of Expenditure and Reform (AGEES, 2019), the exchequer expenditure on discretion increased from €0.25m in 2016 to €3.6m for the first half of 2019.

Figure 3 – Cumulative HAP Tenancies Set-up by LA as % of Rebuilding Ireland Output (2016-2018)

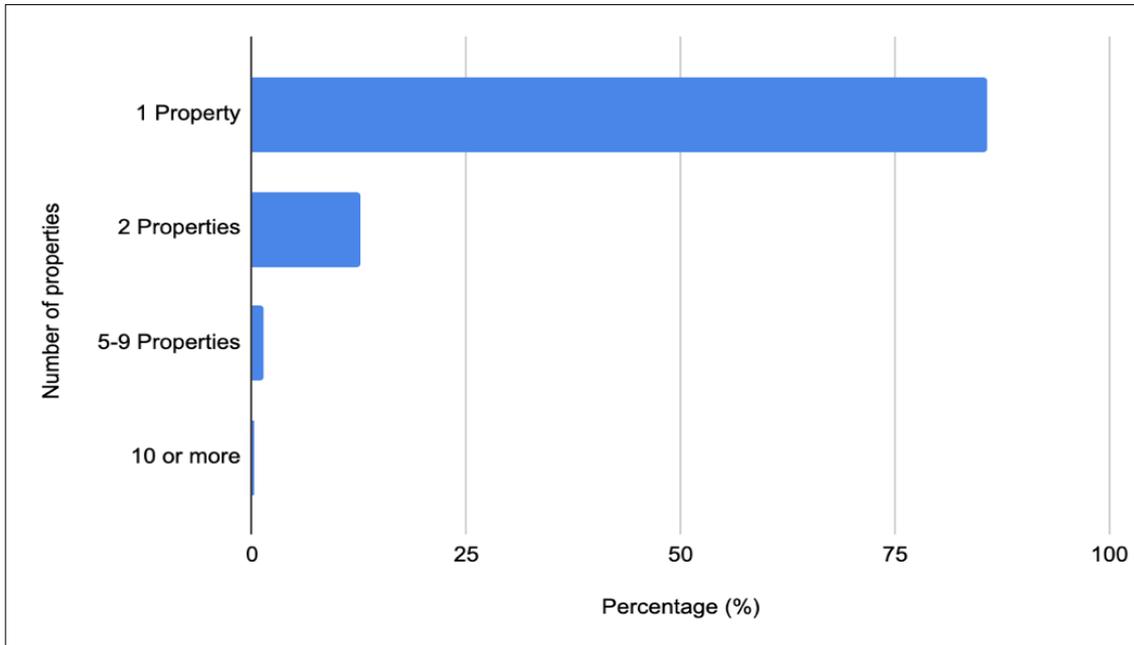


Source: DHPLG, 2020 and AGEES, Department of Expenditure and Reform (2019).

HAP Landlords

According to CSO data, over 85% of HAP landlords had one HAP rental property in 2019 and 12.7% had two properties. For just over one in ten (10.2%) of residential landlords with one property, it is a HAP property. Less than 0.3% of HAP landlords had more than 10 properties. This data is illustrated in Figure 4. In 2014, 302 individual landlords received a HAP payment. By 2019 this number has increased 32019 (HAP SSC, 2021).

Figure 4 – Percentage Of Landlords By Number Of Properties In 2019



Source: CSO, 2020.

Corporate Landlords And HAP

Individual landlords make up the majority of HAP landlords, but the HAP scheme also includes payments from council funds to private corporate landlords. Corporate landlords in the private real estate market are in most case international investors, such as REITs (Real Estate Investment Trusts) and pension funds, which were incorporated into government social housing policies designed to attend the demand for social housing via the private market. This policy has faced strong criticism by housing advocates (Hearne, 2021). The institutional private rental market has been dominated by institutional landlords, which own a significant number of apartments and homes in urban areas (Byrne, 2021). Ires REIT, for example, owns 24% of the 15,550 residential units under institutional ownership in Ireland at the end of 2020 (CBRE, 2021). Some of those units are rented under the HAP scheme.

Table 3 shows the number of individual and corporate landlords under HAP. Consistent with the expansion of Rebuilding Ireland, the number of landlords accepting HAP has increased over the years, with 32019 individual HAP landlords registered in 2019. The number of institutional landlords has also increased, from 52 in 2014, the beginning of the HAP scheme, to 2297 in 2019. In relation to HAP payments, from 2014 to 2019, corporate landlords received over €261 million from the State. In 2019, €128 million were paid to institutional landlords, the equivalent of over 40% of the annual HAP budget for that year (see Table 2 above).

Table 3 - HAP Payments To Corporate Landlords (2014-2019)

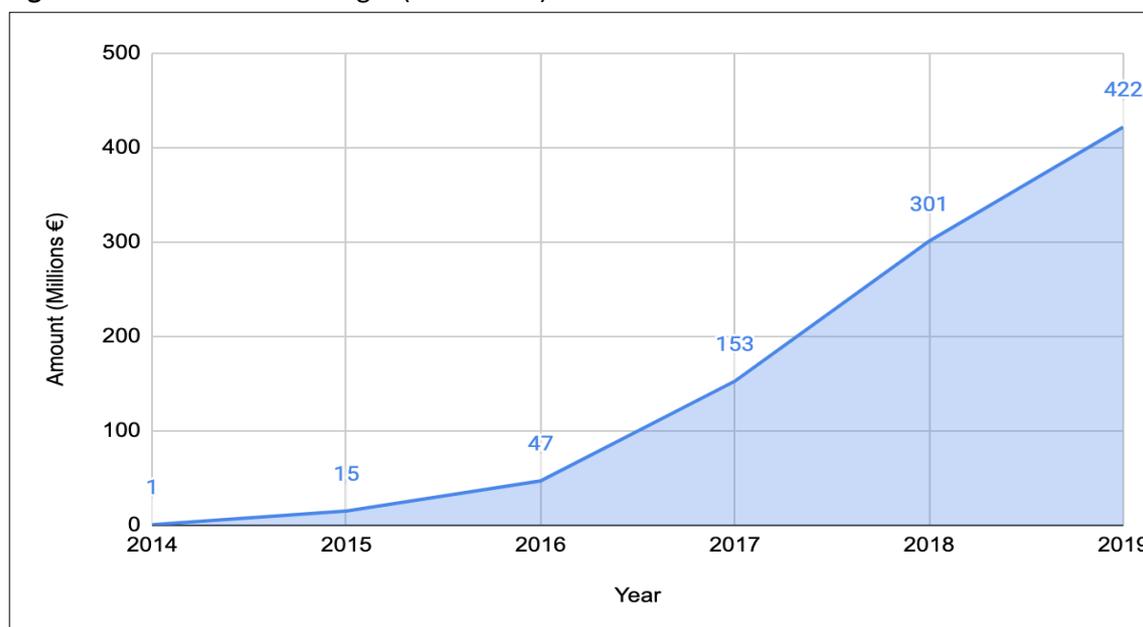
Year	2014	2015	2016	2017	2018	2019
Corporate Landlords that received a payment	52	472	937	1494	1968	2297
Amount paid to Corporate Landlord (M = million)	€77,000	€3M	€16M	€45M	€85M	€128M

Source: HAP SSC (2021).

HAP Budget Allocation and Expenditure

The HAP budget allocation from the Exchequer substantially increased over the 2015-2019 period. In 2015, this budget stood at €0.5m. In 2019, it was €422.7m (DHPLG, 2020). This significant increase is due to the phased rollout of the HAP scheme as planned in the *Rebuilding Ireland* plan, and also due to the increased demand for social housing. The AGEES report from the Department of Expenditure and Reform assessed the level of Exchequer funding of the scheme regionally, based on landlord payment data from the HAP Shared Services Centre (HAP SSC), see Figure 5.

Figure 5 – Allocated HAP Budget (2015-2019)

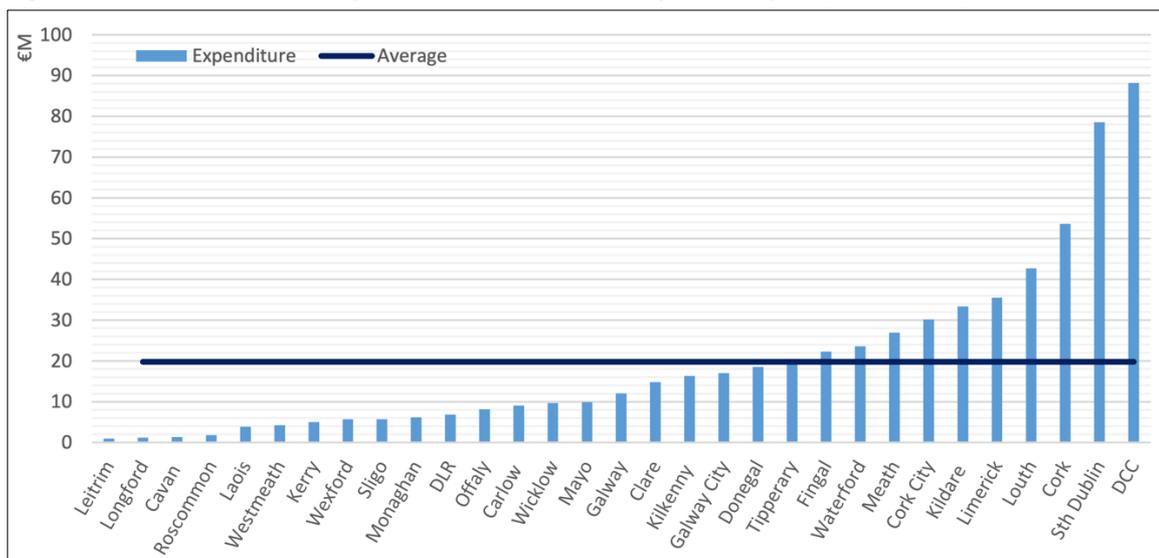


Source: DHPLG, 2020.

HAP expenditure varies per county – see Figure 6 below. The highest expenditure on HAP payments to landlords was by Dublin City Council €88m (14%), South County Dublin €79m (13%) and Cork County (9%). The four Dublin LAs accounted for €196m (32%) of total national expenditure on HAP from 2014 to 2018. €20m was the average expenditure across all 31 local authorities.

Homeless HAP is a scheme that provides discretion to exceed the HAP rent limits for homeless households, including people in homeless accommodation. Local authorities are authorised to uplift HAP amounts by up to 20% and, in the Dublin region, this discretion can rise to 50%. From 2015 up to the end of Q4 2018, more than 4,900 households were supported by the Homeless HAP scheme in the Dublin region; while nationally, over 6,100 households were being supported under the scheme by the end of 2018 (AGEES, 2019).

Figure 6 - Cumulative HAP Expenditure on Landlord Payments by LA (2014-2018)



Source: DHPLG/HAP Shared Services Centre/AGEES (2019)

Table 4 shows the average HAP monthly payment in all Local Authorities from 2016 to 2020. The average HAP monthly payments values reflect the price of rent level across counties. Dublin City, Dún Laoghaire-Rathdown and Fingal County have the higher average across all years, while Donegal, Leitrim and Longford have one of the lowest averages. This trend also reflects the year-on-year rent increases observed across counties over the past years, e.g., high rents in South Dublin (see Residential Tenancy Boards reports, for instance). Although this average is useful to understand trends, more comparators and cross-analyses are needed.

Table 4 - Average HAP Monthly Landlord Payment by Local Authority

Local Authority	2016	2017	2018	2019	2020
Carlow County Council	€521.00	€542.00	€554.00	€561.00	€572.44
Cavan County Council	€0	€430.00	€449.00	€464.00	€472.62
Clare County Council	€409.00	€430.00	€459.00	€480.00	€495.95
Cork City Council	€647.00	€722.00	€764.00	€802.00	€814.02
Cork County Council	€629.00	€689.00	€727.00	€748.00	€756.04
Donegal County Council	€363.00	€383.00	€392.00	€398.00	€400.17
Dublin City Council	€1,244.00	€1,258.00	€1,290.00	€1,279.00	€1,294.78

Dun Laoghaire Rathdown County Council	€1,085.00	€1,286.00	€1,343.00	€1,351.00	€1,371.58
Fingal County Council	€1,333.00	€1,292.00	€1,325.00	€1,355.00	€1,369.04
Galway City Council	€762.00	€784.00	€795.00	€817.00	€823.85
Galway County Council	€612.00	€652.00	€701.00	€735.00	€761.50
Kerry County Council	€477.00	€502.00	€512.00	€527.00	€531.01
Kildare County Council	€885.00	€911.00	€919.00	€933.00	€951.21
Kilkenny County Council	€527.00	€556.00	€576.00	€595.00	€611.85
Laois County Council	€0	€535.00	€573.00	€599.00	€615.30
Leitrim County Council	€450.00	€408.00	€414.00	€419.00	€420.01
Limerick City & County Council	€512.00	€552.00	€579.00	€598.00	€611.50
Longford County Council	€400.00	€397.00	€405.00	€415.00	€430.46
Louth County Council	€622.00	€764.00	€833.00	€876.00	€896.71
Mayo County Council	€468.00	€489.00	€501.00	€512.00	€520.32
Meath County Council	€851.00	€904.00	€936.00	€957.00	€971.44
Monaghan County Council	€427.00	€457.00	€480.00	€514.00	€519.65
Offaly County Council	€453.00	€482.00	€508.00	€528.00	€537.04
Roscommon County Council	€0	€447.00	€454.00	€470.00	€488.11
Sligo County Council	€474.00	€488.00	€503.00	€514.00	€519.77
South Dublin County Council	€1,104.00	€1,147.00	€1,213.00	€1,279.00	€1,308.13
Tipperary County Council	€454.00	€471.00	€488.00	€500.00	€503.69
Waterford City & County Council	€465.00	€489.00	€509.00	€523.00	€535.28
Westmeath County Council	€0	€540.00	€551.00	€565.00	€575.96
Wexford County Council	€0	€502.00	€520.00	€540.00	€549.18
Wicklow County Council	€750.00	€975.00	€998.00	€1,012.00	€1,027.74
Avg LL Payment	€636.00	€735.00	€801.00	€848.00	€880.37

Source: HAP SSC (2021). Data for 2014 and 2015 are not available.

HAP Exits

HAP tenancy agreements can cease due to either tenant or landlord reasons, and also for compliance reasons. Data from the DHPLG (Department of Housing, Local Government and Heritage) demonstrates a level of insecurity attached to HAP as a form of social housing. HAP landlords are free to end their lease at the end of the contract, to sell the property or to put it back on the rental market outside the HAP scheme. Even occurring on a modest scale, this can have major implications for the affected families and the housing system in coping with an additional source of homelessness (Hearne and Murphy, 2017).

Table 5 demonstrates that, in Q2 2019, 3,304 (22%) of 14,478 closed HAP tenancies exited the scheme by transferring to a Local Authority or Approved Housing Body dwelling. 36% of exits are tenant-led and 28% are landlord-led. The latter forces tenants to source alternative accommodation in the private sector and they have to compete with other prospective tenants who may be seen as more desirable by landlords (Threshold and SVP, 2019).

Table 5 - Self-Reported Reasons by Tenants for Cessation of a HAP Tenancy in Q2 2019

22%	Transfers to Local Authority or AHB-owned dwelling.
14%	Compliance-led exits including non-payment of rent, non-tax compliance by a landlord, anti-social behaviour, property standards and tenant giving notice. ¹
28%	Landlord-led exits including notice to tenant, landlord selling a property, change in landlord agent payments, landlord in receivership and rent increase.
36%	Tenant-led exits including voluntary exit, medical and education needs, deceased tenant, work location, family composition and differential rent increase.

Source: DHPLG, 2020.

HAP has become a central provider of housing support in the private rental sector. The significant increase in expenditure in the period analysed in this paper signals the high levels of investment made in this scheme. Several housing advocacy groups have pointed out HAP's design flaws, including HAP limits that are insufficient in meeting the needs of low-income groups (e.g. HAP 'top-ups' by tenants) and they have called for better security of tenure for HAP households.

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¹ As noted in the AGEES report (2019, p.18), it is not clear why 'tenant gave notice' is categorised as a compliance-based exit rather than a tenant-led exit.