For Immediate Release
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IPOA cautiously welcome Social Housing Strategy 2020

The Irish Property Owners' Association (IPOA), the national representative organisation for property owners in the private rental market, have cautiously welcomed the Government's new Social Housing Strategy outlined this week - but have suggested that the reality of putting the plan into action will be "extremely challenging".

"This is a very ambitious programme and obviously well intentioned," said Stephen Faughnan, IPOA Chairman, "but it is difficult to see how it will perform in reality as distinct from a paper document. IPOA have being advocating for years that Government should extend the hand of friendship to the private rental sector and now, when the sector has been all but blown out of the water with unfair taxation and other Government actions, we have this call to the private sector to step up to the plate with properties that are not there." Mr Faughnan added that up to 20,000 units of affordable accommodation "will be going out of the market in the next 2/3 years" which he blamed on Government policy. "Research carried out by DKM has outlined that 30% of landlords wanted to leave the market," noted Mr Faughnan, "while 71% of property owners have insufficient income from their rental property to meet their mortgage commitments. If the Government is really serious about trying to increase accommodation, they need to stop punishing a key sector that provides it. Expenses in the provision of rental accommodation need to be allowed as expenses against tax, and tax should only apply to rental income when a profit is made. If improvements are made to rental property, they should be allowable as expenses in the year that they are made, not when the property is sold. It would make no difference to exchequer income in the long-term, but would make tenants more comfortable, and encourage investment in energy efficiency".

The IPOA also noted that commercial property investment is allowed to deduct all interest paid on money borrowed, but the private rental sector is penalised by 25%. They say that if the tax treatment of the sector is not changed, the sector will reduce in size going forward and people on lower incomes will be the losers when accommodation supply is further reduced. "The sector needs the immediate reinstatement of the mortgage interest allowable to 100%," said Mr Faughnan, "and the Local Property Tax should also be immediately deductible in line with the commitment continually quoted by the Minister for Finance. Fair treatment is all that is asked".

Notes

25% of mortgage interest is not classed as an expense by Revenue.
Income Tax can be charged where economic loss arises.
USC on total income at 7% or 10%.
PRSI on rental income at 4%.
Local Property Tax not allowable as an expense.

Replacing items such as beds, while purchased in a single year, can only be claimed over an 8 year period.
65% of landlords have one property.
17% of landlords own two properties.

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