

For Immediate Release
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Can't Get Housing - Blame the State

Stephen Faughnan, the Chairman of the IPOA, the National Landlords representative organisation established in 1993 outlines the issue:-

People will probably agree that it is the State which carries ultimate responsibility for housing its citizens, but therein lies the problem in what is called the "housing crisis". Social housing in one form or another is the basic requirement for people with a long term housing need, but sufficient housing has never been built, or even planned, to cope with the huge volume of new people on housing lists, particularly in the large urban centres. There is an expectation that the private rental market will be available to take up the slack, but there are an insufficient number of properties in the private rental market, largely due to the actions of Government and lenders.

The average number of properties owned by private landlords is one, with many in negative equity and with heavy mortgages attached. Landlords need to let their property at market rent, not approx. 15% below which is the average Rent Supplement level, in order to be able to try and pay the costs of being a landlord, never mind making a profit from the business of letting property.

The Government penalises people in receipt of Rent Supplement by capping it, but then blames landlords for not being willing to subsidise the accommodation. The State, in its wisdom (or its desire to gather in easy taxes), has blatantly decided to penalise landlords by a long series of indirect taxation measures, which in turn, can result in rental income being taxed on a loss making situation. Following on from that, landlords can't pay their mortgages in full, aggravating the mortgage arrears situation. Lenders are aggressively forcing sales, as has been shown in the hard-line stances taken by the banks at the Oireachtas Finance Committee. The Government and the Central Bank have aided and abetted this situation by continually giving in to the bullying tactics of our lenders, and landlords are losing their property as a result, which also means that tenants are also being de-housed with nowhere else to go. The Government maintains it cannot interfere with the commercial operations of the lenders, yet it continues to brazenly interfere in the commercial operations of landlords.

Instead of increasing the supply of property, actions from the Government are decreasing it. Traditional bedsit accommodation with shared bathrooms is now illegal, but there is no alternative for tenants caught up in this scenario. Landlords continuing to operate bedsits are breaking the law, but to be put into a situation which makes their tenants homeless is a national scandal. The Government is ignoring this situation.

Rents decreased up to 40% in recent years, and are still below peak levels. Local Property Tax is for services provided to the tenant, yet it is levied on the landlord increasing costs, despite the Finance Minister's assertion that "it is the intention" to make this payment tax deductible, this has not happened while a raft of other legitimate business expenses are

diluted when the income is from letting property. All this has driven up costs, and the mantra continues that landlords are to blame.

Is it possible for someone with a grain of intelligence to look at the "housing crisis" fairly? Will certain politicians and others stop vilifying people who have the courage to invest in property (despite the huge downsides of so doing), who treat their tenants as customers, and who want to have their business recognised as such? Given the right conditions, the Government should look at the private rental market as a partner of the State in housing citizens. Partners deserve fair and equitable treatment.

STEPHEN FAUGHNAN, CHAIRMAN, IRISH PROPERTY OWNERS ASSOCIATION (ESTABLISHED 1993)



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Information as to why there are difficulties in the Private Rental Market

2006 BER Certification Required

2007 – 2012 Rents decreased by approximately 40%

2009 Mortgage Interest allowed reduced to 75%. Only affected landlords with loans. (This is the interest on the monies borrowed that has to be paid to the bank) It means that 25% of interest paid out is classed as income and taxed at marginal rate plus USC and PRSI

2009 Non principal private residence charge €200 not tax deductible and per unit so house in units really severely treated (Extreme unacceptable penalties that do not fit the crime. Money lenders do not charge as much)

2008 Increased Standards

2011 Threatened withdrawal of Section Relief

2013 Traditional Bedsits closed down, impossible to put integrated bathrooms in some buildings, costs, planning issues, size and listed difficulties. Houses with 6 self-contained units and 3 units not self-contained have to close because insufficient income from 6 to make it sustainable. Market not just losing traditional bedsits.

Cost of providing studios e.g. increased 2 ringed cookers have to be changed to 4 rings etc.

Private Landlords have to supply fridge-freezers, microwave ovens and washing machines and are responsible for their maintenance even where let unfurnished.

2012 Household Charge – again on bedsit units – not tax deductible.

2012/2013 Rent supplement rates reduced forcing down rents even where tenants/landlords had contracts.

2013 NPPR and Local Property Tax had to be paid -not tax deductible – not classed as expenses.

2014 Local Property Tax not tax deductible.

2014 PRSI has to be paid on rental income.

2014 – Proposed Custodial Deposit Protection Scheme – only protects those who engage with scheme - damaging to tenants (delays in return of deposit) More administration for landlords - lose/lose situation instead of compensation fund suggested by IPOA which would allow deposits to be refunded immediately and protect all tenants.

2015 Water charges

Refurbishment items only allowable against tax over a 6 year period but have to be paid for when purchased.

Improvements only allowable when property is sold.

Income tax at marginal rate, USC and PRSI on money that does not exist.

Landlords have one to two properties in general. The income is not covering the cost and many investors are paying tax on a loss.

27% of buy to let investors are in arrears.

The costs of running a rental property has increased year on year as a result of the increased costs.

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