

IPOA E-Zine

Official on-line magazine of the Irish Property Owners Association

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Registered members of the IPOA can subscribe to receive this regular update by e-mailing their name, membership number and e-mail address to:

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Editorial

This has been a very busy quarter with submissions sent on Standards to the Department of Environment, Management Companies to the Law Reform Commission, and amendments to the Residential Tenancies Act 2004 to the Private Residential Tenancies Board, together with the usual day to day work. Copies of these are available on www.ipoa.ie.

Information from the first quarter of 2007 shows that less investors purchased new housing in the first quarter of this year than last year. 43% bought in the first quarter of 2006 and only 14% in the first quarter of 2007 (Sherry Fitzgerald Spring Report 2007). It is also worthy of note, that in the same period, 34% of properties sold were by investors. This poses the question: "Are there better investments around without dealing with the bureaucracy of the private rental market?"

Another item that has come to our attention recently is, that landlords do not always review their rents on an annual basis in line with market forces. It is advisable to re-examine your rents on an annual basis.

Looking forward to the rest of the year, we will be having our Conference in September in the RDS, and Training Courses in October, along with other meetings around the country.

Stephen A. Faughnan

Chairman

PROPERTY OWNERS STAND TALL

Property owners providing rental accommodation, it is time that you stand up and be proud of your achievements and the service you provide. We come from every walk of life and provide a valuable service to the country as a whole. Yes, we know that purchasing property and letting it was done as an investment, but it still contributes enormously to the Irish Economy.

On purchasing property, you are paying stamp duty and on this alone, investors purchasing in 2007 will contribute 4 billion euro to the State coffers. You also contribute to Revenue by paying tax on rental income received, capital gains tax when a property is sold, and estate duties when the property is handed down. There is a need today in Ireland for good quality accommodation let in a professional manner and this is met by our members.

Let no-one suggest that we don't pay our share !

GENERAL MEETING

Our general meeting was held in Moran's Red Cow Hotel on the 21st March 2007 at 7.30pm. It was a very interesting meeting with updates on numerous issues.

The company structure was detailed and a discussion took place as to what would be required to carry us forward. A pilot scheme that is currently being put together by the Affordable Housing Partnership was detailed, a scheme designed for 50 plus properties where they would be taken by RAS for a period of 20 years, which created quite a bit of interest. There was an update on the PRTB and on the Buildings Energy Rating.

We would like to thank the members who attended, because it was a wet and windy night and we really appreciated the support.

www.propertynews.com

We have recently been in discussion with Propertynews.com, on a number of issues. Propertynews.com is a leading Irish property sale and rental website owned by Independent Newspapers. Firstly, they have agreed to provide a web advertising service to our members. The normal rate for advertising is €9.90 per rental, but they are willing to discount this by 20% for IPOA members. This is an excellent opportunity and will allow you to target computer literate tenants.

The IPOA is also in negotiation with Propertynews.com via Independent Newspapers Publications, regarding the possible distribution of the Energy Efficiency brochure we are developing. Following on from our highly successful 'Green House Sessions' Conference last October, we are compiling this publication to inform property owners in advance of the forthcoming enforcement of energy ratings for buildings.

If any member would like to become involved in the print sponsorship of the Energy Efficiency publication, please contact us. This is a high profile promotional opportunity. Further details are available from the office.

SUPPORT THOSE WHO SUPPORT US !

WASTE CHARGES

It appears that members are still having difficulties with the payment of waste charges. Where you have previously let a house as a single unit, contact the relevant Local Authority and check if the waste charges have been paid to date and that there are no arrears. This is prudent and can

save problems later down the line. When letting a house as a single unit, ensure that the bin charges are put into the tenants name. Write to the relevant Authority and give them the name of the tenant and the date they move in. Request written confirmation that they have amended their records and ensure that you receive same

In the case of houses in multiple occupation, the landlord is responsible to ensure that the bin charges are paid, this can be done by organising the tenants to pay directly and checking that they are doing so, or by collecting the amount due with the rent and paying the charges yourself. Be careful to ensure in modern complexes you receive clarification that a town house you consider to be a single unit is classed as a single unit, by the Local Authority and not classed as part of an apartment complex.

EDUCATION & TRAINING - Certificate Training Course

The IPOA will be running a series of courses on property management and investing in property. The course is aimed at recent investors, sons and daughters of existing landlords, letting and managing agents. It will also be very useful for anyone letting property in the private rental market. The object is to give a clear understanding of the procedures and legislation involved in the rental market. The course will include:

- * property standards
- * taxation
- * registration
- * finance
- * buildings energy ratings
- * the Residential Tenancies Act 2004
- * the day to day management of property.

The venue is our Ashtown Training Centre and the first course will commence on Wednesday 10th October at 7pm. The IPOA will provide certification for this course and there are only a limited number of spaces. If you are interested please contact the office. The course will cost €150 and will run from 7-9pm for 6 weeks on Wednesday Evenings. Another example of the IPOA adding value to membership.

ACCESS HOUSING UNIT - Outline

Established in 2002, with over three hundred and forty tenancies, the Access Housing Unit is a free government funded service offering landlord's direct links to potential tenants. These tenancies include accommodation units of all sizes - single unit bedsit style accommodation, one and two bed flats/apartments and three/four bed houses, stretching across Dublin city and county. All the potential tenants are in temporary accommodation and are eligible for Rent Supplement payments. They work with tenants on a referral basis only, adhering to strict referral criteria, thus ensuring clients understand the rights and responsibilities associated with a private rented tenancy. The Access Housing Unit is charged with sourcing accommodation, assessing suitability of rent supplement recipients for private rented accommodation, facilitating the set up of the rent supplement payment and providing ongoing liaison and support for the landlord and tenant for the duration of the tenancy.

When a landlord establishes a tenancy through the Access Housing Unit, they receive the following services free of charge:

- * Quick and trouble free letting of the property.
- * The AHU will facilitate applications of rent supplement to ensure efficient payment of rent by the Community Welfare Officer.
- * Payment of deposits and payment of rent in advance at the discretion of the Community Welfare Officer.
- * No advertising costs: the Unit has a database of vetted tenants awaiting accommodation.
- * The AHU will act as an intermediary between landlord and tenant during the tenancy.
- * Information and advice for both the landlord and tenant on all aspects of rights and responsibilities including the Residential Tenancies Act 2004.

How it Works

A Landlord contacts the Access Housing Unit with a potential vacancy. A viewing is arranged at a time suitable for the landlord. A potential tenant is chosen from our database, depending on the tenant's suitability, the property and the landlord's requirements. A member of staff from the Unit attends the viewing with the potential tenant to answer any queries or questions the landlord may have. When a tenancy is established the AHU facilitates the completion of documentation required for the Community Welfare Officer to ensure rent supplement and deposit is paid promptly and directly to the landlord. Over 70% of tenancies created over the last two years were through landlords returning to our service, having successfully filled their vacancies through our tenant database.

The Access Housing Unit is keen to speak to any landlord interested in the Rental Accommodation Scheme (RAS).

Contact Tom, Louisa or Irene at 01 678 6094.

PRTB CASE REF TR24DR272/2006

This case was highlighted in our last newsletter. The Landlord has not received any rent since March 2005 and has been through a PRTB Adjudication and Tribunal. The tenant was told to vacate the premises by the Tribunal in December and is still in situ. The PRTB are now taking a Civil Case against the tenant and as yet there is no end in sight.

We need a system that if rent is not paid for over two months the tenant can be legally evicted by the landlord.

No Pay No Stay !

Ensure Registration Form is Signed

When taking in new tenants under the Residential Tenancies Act 2004 ensure that the registration form is signed prior to letting them have keys. If they are unwilling to sign the form, do not take them as tenants.

Draft Guidelines for Sustainable New Homes

Dublin City Council recently published draft guidelines on apartment living. These are sensible, workable and should be welcomed by everyone. Bigger kitchens are needed for family living, with more floor space. Bedrooms also need to be larger so that they can be used for studying and playing. More storage is required for modern living with ground floor lockups for bikes, tools, prams etc. More parks, libraries and amenities are required for children. The downside is, that there will be an increased cost factor involved, both for investor and tenant.

UK Problems

The Residential Landlords Association in the UK appears to have a number of problems that also occur in Ireland. A big one is when rent supplement is paid to the tenant and not passed on to the landlord. This is a piece from their recent newsletter.

"Private sector landlords are being advised to refuse tenancies to housing benefit claimants. The Residential Landlords Association – which represents members owning over 100,000 private rented properties throughout the UK – is advising them to remove their homes from that market. And the reason lies in the new-style Local Housing Allowance which is now handed direct to claimants instead of paid to their landlords. The trouble is ... the money is often spent on other priorities instead of paying the rent.

"And there are no winners from a situation that just encourages more rent arrears," says RLA chairman Lee Dribben..."Landlords can't afford to take that sort of financial loss on a routine basis while they chase defaulting tenants who have already spent their rent allowance on other things... Vulnerable low-income tenants, who already have difficulty managing their money, are being driven further into debt.. And the resulting withdrawal of affordable private sector rented housing

from the claimant market would shift crippling pressure onto the public sector. Yet, in the face of this so-called reform, I can see little alternative than for professional landlords to quit the housing allowance market altogether.”

2nd IPOA Annual Conference SEPTEMBER 2007

The 2nd Annual IPOA conference will be held in September in the RDS, Simmonscourt. Entitled Homeground, this event will be part of the House Buyers Show 2007 (29th - 30th September). It will address fundamental issues relating to residential property investment in Ireland. Last year's IPOA conference The Green House Sessions, successfully addressed key topics of relevance to property investors and this year's event aims to continue this. Further information on Homeground will be sent directly to members.

ADVERTISING OPPORTUNITIES

IPOA members will be aware that there are numerous opportunities for advertising within the organisation. At present we are providing the following advertising and sponsorship opportunities:

- * 2008 IPOA Yearbook & Diary - advertising
- * 2007 Homeground Conference - sponsorship
- * 2008 membership cards - sponsorship
- * Energy Ratings Leaflet - printing sponsorship

All of these items can reward you with substantial promotional benefits.

For further information contact the office on 01-8276000, info@ipoa.ie or www.ipoa.ie

PRTB DISPUTE RESOLUTION SERVICE

It appears from information received by members, that this process is still far too slow. It takes five or six months after a dispute is sent in before they ask if you require adjudication or mediation. It appears to take six to eight weeks after that before you will receive a date for the hearing, and currently taking 10 weeks to receive the result of the hearing.

This is really worrying because at the moment where rent is not being paid, landlords can run into severe financial difficulty.

Where there is anti-social behaviour, it is just not good enough that neighbours and other tenants have to put up with bad behaviour for up to two years.

This bureaucracy is inexcusable!

UIPI & Investing in Property in Europe

Investing in property outside Ireland requires a lot of research. Ensure that you investigate the local market, prices, rental income, local legislation and don't rely solely on one source of information. Use reliable solicitors, accountants etc.

Remember that the IPOA are members of the UIPI (International Union of Property Owners) and they have a list of lawyers in other countries that will be able to steer you in the right direction and look after your interests. Affiliated members of the UIPI come from the following countries Albania, Austria, Belgium, Cyprus, Czech Republic, Estonia, Germany, Greece, Italy, Netherlands, Norway, Poland, Romania, San Marino, Serbia, Slovenia, Spain, Sweden, Switzerland & the U.K.

AMENDMENTS REQUIRED TO THE RESIDENTIAL TENANCIES ACT 2004

It is clear that the Act needs a number of amendments to ensure that the private rental market can be run efficiently. The IPOA have submitted a number of changes we feel are required to the Act and these are being considered by the Board. At the moment the Act is working unfairly against landlords.

There needs to be a fast system when rent is not being paid to prevent the build up of arrears. There needs to be a fast-track system where anti-social behaviour is affecting other people in the house and neighbours.

There also should be a right that disputes can be taken directly to the Courts.

AGREEMENTS

When signing up memorandum of agreements with new tenants, it is advisable to put monthly as the term. This means that you are not giving rights greater than the Residential Tenancies Act 2004, and that within the first six months, if the letting is not working out, you can serve a notice of termination without giving a reason. This means that there will be no onus on the property owner to prove the reason if the tenants fail to leave and the case is taken to the PRTB's dispute resolution service.

In the first six months, a property owner can give 28 days (30 is recommended) notice without giving a reason provided there is no fixed term lease in place. Obviously, if the tenancy is going well, the tenant will have a part four tenancy, if no notice of termination is served within the first six months.

AFFORDABLE HOUSING: RENTAL ACCOMMODATION SCHEME

At the moment, there is a scheme being investigated that is designed for property owners with 50 or more rental properties. They would require the houses for a 20 year contract and you would still be in charge of the day to day letting, repairs and management of your property. Your property would be let to people on the affordable housing scheme. This will include working families on limited incomes. As compensation for entering the scheme, there would be an up front grant/lein which would not be repayable if the property was managed well for the 20 year period. They will pay RAS rent, which is below the market rent, but it would be guaranteed every month and they require a varied unit mix of properties in mixed areas and not more that 25% from any complex.

Tenders will be invited for suitable properties and short listed as they comply with the RAS evaluation criteria. It is a scheme that would be of interest to a lot of our members and we will keep you informed as we are notified in more detail.

UIPI News

The Bi-annual conference of the UIPI will be held in Bern on the 14th-16th June and will be attended by the Chairman of the IPOA.

We would also like to congratulate the new President of Haus und Grund Deutschland, Dr. Rolf Kornemann on his recent appointment.

STANDARDS

The importance of standards cannot be stressed enough and all properties must comply with minimum standards. We know that sometimes you let properties that comply and tenants make adjustments to properties that can result in them falling below the standards e.g. vents being blocked etc. It is important to inspect your property on a regular basis to ensure that they continue to comply with the standards.

The IPOA recently published a submission on the standards which was sent to the Department of the Environment and is available from the office.

Current standards in private rented accommodation were introduced in the Housing (Standards for Rented Houses) Regulations 1993. These have been referred to as minimum standards, yet they are reasonable standards and capable of satisfying a large volume of the rental market. The Local Authorities are the people charged with administering these standards, by carrying out inspections of properties. If not compliant with the 1993 regulations the authorities can impose penalties. In the Housing (Registrations of Rented Houses) Regulations 1996 Statutory Instruments S.I. 30 of 1996 all rented properties had to be registered with the Local Authorities, and each property owner had to pay £40 (€50.78) per housing unit which covered the task of carrying out the inspection process on standards. From 1996 until 2004 property owners paid circa €10.37 million to Local Authorities to carry out inspections yet only 40,151 inspections were carried out, there should have been 204,889 inspections a shortfall of 164,738 inspections that have been paid for by property owners. The Local Authorities received €8,338,591 without having carried out the necessary inspections. It would be interesting to identify where these funds have been allocated and to which Local Authorities. This led to the rental sector not being inspected and, as a consequence, standards have not sufficiently improved in comparison to other areas where inspections are on-going e.g. hotels, restaurants etc.

The Residential Tenancies Act was implemented in 2004; property owners have to register all tenancies with the PRTB at a cost of €70 per tenancy (certain exemptions apply e.g. business lettings, holiday lettings, long equity leases, licenses etc.). Between September 2004 and December 2005 the PRTB had 83,983 properties registered at €70 each generating an income of €5,878,810. With €50 from each registration designated to inspections there was €4.199 million available, yet only 6815 inspections were carried out in this period which cost €340,750. This is totally unsatisfactory.

The foregoing being the situation and in the height of the call for new standards, we must state our call for the Local Authorities to implement the existing standards rigorously and use the funds created by the 1996 legislation and 2004 legislation. When this is done and only then, can it be clear that new standards are required and, if so, these new standards should be implemented in conjunction with the new Buildings Energy Certification (BER) requirements from January 2009.

Department of Environment Statistics: Funding Received by Local Authority and Numbers of Inspections Carried out

Year	No of Inspections	No of Registrations	Total Funding Received	Inspections not Carried out	Excess Local Authority Funding	Excess Monies received By L/As in euros
1997	3846	25,799	£1,031,960	21,953	£878,120	1,115,212
1998	5501	23,296	£931,840	17,795	£711,800	903,986
1999	5139	25,900	£1,036,000	20,761	£830,440	1,054,658
2000	4986	25,386	£1,015,440	20,400	£816,000	1,036,320
2001	3685	29,456	£1,178,240	25,771	£1,030,840	1,309,166
2002	5059	25,496	€1,295,196	20,437	€1,038,199	1,038,199

2003	4703	26,982	€1,349,500	22,279	€1,113,950	1,113,950
2004	7232	22,574	€1,128,700	15,342	€767,100	767,100
	40,151			164,738		8,338,591

- Only 40,151 inspections carried out when funding was collected from property owners for 204,889.
- Over €8 million collected for inspections not used for this purpose.

Out of approximately *150,000 lettings in 2005 only 6815 properties were inspected which is only 4.5%. At this rate it will take over 20 years before all properties are inspected. This is unacceptable and leaves some people in the lowest economic bracket with little choice but to live in substandard properties.

Nineteen Local Authorities in 2005 did not carry out any inspections at all and this is approximately 60% of Local Authorities not complying with the legislation. More inspections and enforcements are essential.

PROPERTY CONDITION

Remember the kerb appeal of your property. Ensure when you let initially that it is clean and tidy with the garden well tended. When talking to your tenants remind them that the environment outside their home is important. Ask that they pick up litter in the garden. Grass should be cut and kept in good order. Curtains should be tidy in windows and the property kept clean.

Ensure that no washing is hung out on balconies. Don't forget, that maintaining the gardens, and the outside appearance of a property helps to keep the value of your property and that of your neighbours. The exterior of property needs to be painted every few years and this can be offset against the rental income.

Make a point of inspecting your property on a regular basis both internally and externally, ensuring that the standards are maintained throughout the letting.

This newsletter was compiled by the staff and members of the IPOA together with PR company Ion Entertainment Ltd sponsored by S. A. Faughnan Group.

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