

**IRISH PROPERTY OWNERS ASSOCIATION**  
**SUBMISSION TO THE DEPARTMENT OF ENVIRONMENT,**  
**HERITAGE & LOCAL GOVERNMENT**  
**ACTION ON STANDARDS IN PRIVATE RENTED**  
**ACCOMMODATION**  
**FEBRUARY 2007**

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**INTRODUCTION**

The partnership agreement towards 2016 is a wonderful commitment but is nine years away. We need to improve standards a lot faster than this.

Half of all rented properties have been built within the last 10 – 15 years and these properties are designed to meet modern standards and needs, save wear and tear. There are probably a low percentage of properties including older period properties and pre63's not up to standard but these must be identified. Inspections are the key to identifying these properties.

**CURRENT LEGISLATION**

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, licences 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 conjunctions with the new Energy Certification (BER) requirements from January 2009.

### ***Department of Environment Statistics***

#### **Funding Received by Local Authority and Numbers of Inspections Carried out**

<b>Year</b>	<b>No of Inspections</b>	<b>No of Registrations</b>	<b>Total Funding Received</b>	<b>Inspections not Carried out</b>	<b>Excess Local Authority Funding</b>	<b>Excess Monies received By L/As in euros</b>
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
	<b>40,151</b>			<b>164,738</b>		<b>8,338,591</b>

- ***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.

## Department of Environment Annual Housing Statistics

YEAR	CITY COUNCIL INSPECTIONS	COUNTY COUNCIL INSPECTIONS	TOTALS NO	LEGAL ACTION INIATATED	NO OF LOCAL AUTHORITIES THAT CARRIED OUT NO INSPECTIONS
2002	4110	949	<b>5059</b>	17	20
2003	4040	663	<b>4703</b>	11	20
2004	5184	2048	<b>7232</b>	4	16
2005	4645	2170	<b>6815</b>	11	19

- **Only 4.5% of properties were inspected in 2005.**
- **60% of Local Authorities are not carrying out any inspections.**
- **Only 11 cases of substandard accommodation where legal action was initiated in 2005. This could be one or two properties in multiple lettings.**
- **At the current rate of inspections it will take over 20 years before every property is inspected.**

### **Target 20% of all properties inspected on a yearly basis**

There should be a target of 20% of rental properties inspected on a yearly basis and this should be met under the current legislation resulting in 40% of properties having been inspected by 2009 and all properties being inspected by 2012.

This needs to be in place before the **Buildings Energy EU Directive 2002/91/EC** is implemented fully. This directive is designed to reduce CO2 emissions from properties which will require an energy rating certificate (BER) for every property that is rented or sold from **1st January 2009**.

### **Funding**

Investors purchasing property in 2007 will contribute in excess of €4 billion to the economy excluding the tax on rental income for that year. Currently every property that is registered is paying €70 to the Private Residential Tenancies Board. Surely there is room for the return of capital incentives to improve standards in these areas as well as adequately funding inspections, ***rather than the current situation where expenditure on improvements cannot be offset against rental income.***

### **Inspections**

Increased inspections by Local Authorities are the key to the compliance of standards. Every property that is let should be inspected at least once every five years. Confirmation of the standard of the property should be given to the property owner. It is worthy of consideration that ***all properties that are let in the state should be the subject of inspection for standards without exception.***

### **Dedicated Inspection Teams**

Each Local Authority should have a dedicated inspection team who would be headed up by an engineering section but the people carrying out the inspections would not necessarily have to be qualified in engineering or architecture as the process should not present any difficulty in assessing standards. In the case of a property that is below the standards, referral to a suitably qualified person should identify technically the problems encountered. It should also be the situation that where the Local Authority is unable to provide the necessary manpower to carry out inspections, this function could be out sourced.

### **Notification of Inspection**

Advance notification of inspections to property owners should include a copy of the form that will be used by the inspector, thereby allowing the property owner carry out the inspection himself in advance of the Local Authority and if any faults are found giving time to rectify them. Time and money will be saved by the Local Authority and the property owner with the avoidance of repeat inspections.

### **Rental Accommodation Scheme**

If a property comes under the Rental Accommodation Scheme and is found to be unsuitable with regard to standards, this should be referred to the Local Authority to carry out its function of enforcing standards.

### **Statistical Information**

Statistical information from the Department of Environment's Annual Housing Bulletin needs to be more detailed vis-a-vis properties not meeting requirements. As the 2005 Annual Housing Bulletin, Section 9, Enforcement of Requirements for standards states, 2048 properties did not meet the requirements. Yet there were only 11 cases requiring legal action, this shows that the 2037 would have been minor defects having been rectified to the satisfaction of the inspector, otherwise they would have been pursued through the courts.

### **Breach of Standards**

Where a property is in breach of standards and where the property owner needs to carry out major refurbishments, the tenants in situ will need to be excluded from the property during the course of the works. **There will need to be amendment in the Residential Tenancies Act 2004 to allow property owners to gain vacant possession where a major structural defect is identified.** If a tenant refuses to move out then the property owners will have to take them to the PRTB and wait until the process ensures that the tenant has left. Currently under the Act it could take up to two years to get vacant possession which needs to be much faster particularly if there is a danger to anyone living there.

### **Building Energy Ratings (BER) EU Directive 2002/91/EC**

From 2009 all properties that are being rented will need to be as energy efficient as possible. In an owner occupier property any expenditure on making it more energy efficient will be recovered over time, with a monetary saving. In rental property this will not apply, any cost incurred in making it more efficient will not benefit the property owner. It will be classed as a capital expenditure and can only be offset against any gain in value incurred when the property is sold. It will however benefit the tenant by reducing their bills and of course help the environment.

Fiscal incentives need to be put in place to allow property owners to improve the energy efficiency of properties, i.e. double glaze, draught proof, insulate attics etc. ***A grant system or tax incentives need to be put in place to make it cost effective for property owners in the private rental sector to make rental properties more energy efficient and help reduce carbon emissions.***

Instead of paying fines for not reducing CO2 emissions the government should provide **tax incentives to property owners in the private rental sector to help reduce these emissions.**

It is worthy of note that not just older properties are inefficient but properties that have been built in recent times will need upgrading to conserve energy and get a high rating e.g. electric central heating is not very cost effective and this is a major source of concern in modern properties.

### **Amendment of Standards**

Going forward an extension of the current legislation could consider items like:-

1. **Energy efficient central heating systems**
2. **Refuse disposal & recycling**
3. **Washing & drying facilities**
4. **Showers**
5. **Insulation**
6. **Good quality furniture**
7. **Fire detection/alarms/blankets**

## **SUMMARY**

The current Legislation **Housing (Standards for Rented Houses) Regulations 1993** is effective and workable but is being let down by the system. The biggest problem as outlined is lack of inspections by Local Authorities and consequently substandard properties are not being identified.

Rather than introducing further bureaucracy into the private rental sector the current legislation should be extended quite simply and quite effectively which would create modern standards for today and the future.

**As funding is already in place our recommendations are inspections and enforcements.**

*Stephen Faughnan*  
*Chairman*

**\*These figures are estimated but would most likely be far in excess of the figure mentioned hence reducing the percentage quoted.**

**E&OE**