



IPOA News

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EDITORIAL

The political situation in this country leaves a lot to be desired. In our recent campaign, we witnessed first-hand the people who are interested in any way in the private rental sector. The level of political interest is such that it poses the question: how do we survive in Ireland? All parties and none are aligned with this. Only a handful of T.D.'s or Senators have any level of recognition for the service given by landlords: do they not know, or care, that we provide 500,000 homes for people who live in the private rented sector, people who chose for their own reasons to live in rental accommodation, people who cannot afford the outlandish prices that property reached in recent years? People who move for work, transient people who are assisted by the Government to pay their rent, etc.? Instead, it seems to be politically popular to "landlord bash". The Budget announcement of the 7th December 2010 outlined the withdrawal of property incentives including Section 23, etc. This was a blind move and one that was not given any consideration; one that challenged investors to fight, and this is what the IPOA did:

We Led the Way!

Within 24 hours of the Budget announcement, we publicised our concerns and outlined our challenge. This was reported in the Irish Examiner, Irish Independent, and Sunday Business Post, amongst others, including radio.

We assembled our legal team, lobbyist, and chartered accountants. Our team set about the task of challenging these draconian measures over the Christmas period. We targeted every possible area open to us and pushed the agenda. We met T.D.'s and Senators, we spoke to fellow Associations, in farming, auctioneering, accounting, etc. to outline our concerns. We put our problems directly on the desk of the Finance Minister before Christmas. We had positive feedback following our meeting with the Department of Finance; we were confident that there would be movement but, not to be hoodwinked, we followed with a legal proposal outlining a possible constitutional challenge to the Taoiseach, Minister for Finance and the Attorney General. IPOA members issued countless letters and contacted their local T.D.'s outlining the financial effects of the proposed restrictions and guillotine. We took all this to our members meeting on the 20th January 2011 and outlined our work and involvement on the issue to the 250 members present. This was a unique event; the attention in the meeting was "pin dropping stuff" and the members present were relieved that someone was doing Trojan work on their behalf, "not just empty talk like so many". On the 21st January, the long awaited Finance Bill was published and our worries were over - for this year at least.

We led the campaign; as they say, "we put our money where

our mouths were" - it has paid dividends to all concerned and our efforts will continue.

I must mention some politicians who were especially helpful to us in the process and who raised the matter in Dáil Éireann on the 1st day back from the Christmas recess:

- Noel Ahern TD, Fianna Fail, Dublin North-West
- Chris Andrews TD, Fianna Fail, Dublin South-East
- Richard Bruton TD, Fine Gael, Dublin North-Central
- Lucinda Creighton TD, Fine Gael, Dublin South-East
- Michael Mulcahy SC TD, Fianna Fail, Dublin South-Central
- Charlie O'Connor TD, Fianna Fail, Dublin South-West

Little was heard from Labour, Sinn Fein, or the Greens.

To look at the programme that Labour have going forward - the appointment of a Rent Ombudsman, the setting up of a Deposit Retention Scheme, the abolition of Section 23, NPPR at €500 - one would wonder are we going to be totally squeezed out of the rental sector, or what do Labour think of the private rental sector?

Stephen A. Faughnan

Chairman

What Party Should You Vote For?

IPOA Members understand the importance of their Vote. Please read page 6 carefully which summaries the property intentions of each of the parties. The Digest also outlines comments made by different people in respect of the private rental market. Some of the parties will cause hardship, bankruptcy and the devastation of the private rental market.



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Information Meeting - Dublin 18th November, 2010

A Members meeting was held in Dublin on the 18th November 2010 at Moran's Red Cow Hotel. This meeting was very well attended with over 300 members; it is wonderful to see such interest and support for the Association.

The first presentation was by Mick Fagan, South Dublin County Council who outlined the residential letting opportunities with the Local Authorities. He gave a thought-provoking informative presentation outlining the options available and the types of properties required.

Information on these is available from the Housing and Sustainable Communities Agency on 01-656 4100.

Frank Gallagher, PRTB Assistant Director, gave an update on the PRTB, registrations, enforcements and dispute resolution. Orla Coyne, Chairperson of the PRTB, and the Director, Anne-Marie Caulfield, were also present to answer questions. There was a long questions and answers session afterwards where some members detailed their dissatisfaction with the delays and financial losses arising from complying with the Residential Tenancies Act 2004.

Roy Champ of the PRTB demonstrated the on-line registration for the members present and there was a brief questions and answers session after that.

John Sugars, Architect, gave a brief presentation on fire safety in rental property. Unfortunately, it was quite late in the evening as other sections had overrun. It was important and relevant to the Members present and included fire safety in bed-sits and an update on the situation regarding protected structures.

Information Meeting - Cork 16th November 2010

An IPOA meeting was held in Cork in Moran's Silver Springs Hotel on the evening of the 16th November. It was a particularly wet windy evening and we would like to thank the Members who attended in such rotten conditions. An update was given on the legislation in the rental market, International Property Day, and Rent Supplement payments.

Anne Marie Caulfield, PRTB Director, gave a presentation on the PRTB and its current work. She outlined that there were 251,173 Tenancies Registered on the 31 August 2010. A national advertising campaign will commence notifying people that they can register online and that there would be an increase in the registration fee to €90.

There was a presentation from Roy Champ on the PRTB On-line registration service with a questions and answers session. It was very productive and outlined a number of issues that could subsequently be addressed.

There was also a presentation by John Noone, Senior Fire Engineer with Arup, on Fire Safety in Private Rented Accommodation. This was an informative presentation outlining the Housing Regulations, Fire Services Act 1981-2003 and the Multi-Unit Development Bill 2009. He also addressed typical issues that occur in respect of fire safety in rental accommodation. John's slides are available from the office.

Meeting Re Abolition of Capital Allowances

On the 20th January, the IPOA had a meeting in respect of the abolition of the Capital Allowances. This meeting was held in our Conference Centre and was very well attended in spite of freezing fog.

The IPOA detailed the Trojan work they had carried out since the announcement of the budget and the restriction of the capital reliefs. We had thousands of calls on this issue and carried out extensive lobbying. We also met with the Department of Finance and outlined the financial implications to investors who made commercial decisions based on the incentives brought in by the State.

The IPOA engaged an experienced legal team who drafted correspondence outlining the legal position of investors who purchased these incentives in good faith, which was sent to the Taoiseach, Minister for Finance and the Attorney General.

The meeting was called on the date the Finance Bill was due to be published and we had hoped to have that available on the night. The Finance Bill was not issued until the following day.

An impact assessment will be carried out by the Department of Finance on the consequences of the restriction and abolition of property based Capital Allowances prior to enacting the relevant sections on the Finance Bill.

International Property Day

International Property Day was celebrated in Dublin on the 10th December 2010 and was hosted by the IPOA.



From left to right: Gerry Breen, Lord Mayor of Dublin, Stephen Faughnan, Chairman IPOA, Stratos Paradias, President UIPI, Tom Parlon, Director General, Construction Industry Federation, & Professor Ray Kinsella, Senior Lecturer, University College Dublin.

Officially launching International Property Day, the Lord Mayor of Dublin, Gerry Breen, acknowledged that a strong property sector was crucial to the social fabric of the country. "Irish people traditionally aspire to owning their own homes," he said, "but there are many who either don't wish to, or are unable to provide their own accommodation. Owners of rental property provide a valuable service to the people of Dublin and International Property Day is a unique opportunity to focus greater attention on the business of property for living in. The construction boom has ended for Dublin along with the rest of Ireland and many other European countries, and we have now entered a new phase, which will be difficult. But we will get through it and emerge as a stronger city, a stronger nation, ready again to take our full place in the European Community, and in the world".

The Lord Mayor was joined on the platform by Stephen Faughnan (IPOA Chairman) Tom Parlon (CIF Director-General), Professor Ray Kinsella (UCD), and Stratos Paradias from Greece, President of UIPI, the international union of property owners.



Professor Ray Kinsella, Senior Lecturer, University College Dublin.



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Delegates heard that Greek property owners have been the target of excessive taxation in order to shore up Greece's current economic difficulty. "Greek property owners were the first to have this experience," said Mr. Paradias, "and Ireland will follow. The role of the Irish Property Owners Association is to make the case to Government that recovery of the national economy, without respecting property rights and a normal functioning real estate and rental market, is absolutely impossible, especially in small countries like Ireland."

"Those who are in the business of letting property are providing a valuable social service, as are those who own their own homes," said Stephen Faughnan, Chairman of the Irish Property Owners Association. "Time and again, the property owner is targeted for extra taxes and charges which do not always take account of either ability to pay, or the "user pays" principle. Property is seen as an easy target and little consideration is given to the huge social and other benefits of having market activity. When either landlords or owners are not active, the economy suffers and taxpayers have to find money to provide more housing, and often more staff to service the increased role of central and local government as a landlord."

Budget 2011

The 2011 Budget announced on the 7th December 2010 was harsh for everyone. It contained many unpalatable cuts that will reduce the amount of money in every pocket. There was however a really serious unfair and unjust item - the abolition and guillotine of capital allowances which would cause bankruptcy and hardship for thousands of property owners/investors.

PHASED ABOLITION OF PROPERTY-BASED 'LEGACY' RELIEFS

This measure, if implemented, will restrict the various property-based tax relief schemes in the following manner:

Section 23-type Relief

- From a future commencement date, will be restricted to income from the Section 23 property itself (currently such income can be set against all rental income).
- At end of 10 year holding period, any unused relief will be lost. If property is sold within this period, the new owner will not get Section 23 relief and the seller continues to be subject to a claw-back of relief already given.

- For Section 23 properties yet to be sold, for which the relief has yet to be claimed, the 10-year qualifying period was due to start on 30 June 2011 regardless of the date of the first qualifying lease. Therefore, in such cases no Section 23 relief would be available after 30 June 2021.
- Residential owner-occupier relief is unaffected by these changes.

Capital Allowances

(These restrictions apply solely to passive participants)

- With effect from a future commencement day, any unused capital allowances carried forward beyond the 7 year period within which the allowances are made will be lost as follows: 7-year period – 7-year schemes; 10-year period – 10 year schemes.
- From a future commencement date, capital allowances will be restricted to offset against income from the property which gave rise to them, whether rental or trading income, with no setting sideways against any other form of income.
- Schemes with a period over 10 years, which has not ended, will be truncated to 7 years from when allowances are first made.
- Capital allowances limited by truncation will be reduced by 20% and may be made evenly in the year of assessment and all subsequent years of assessment up to and including the 7th year after the allowance was first made.

Guillotine from 2014

The original proposal was the termination of all unclaimed and unused capital allowances, arising after or carried forward from 2014, as well as unused Section 23 relief carried forward from 2014.

Impact Assessment

An Impact Assessment will be undertaken into the effects of the phased abolition of the property-base measures and the 'guillotine' provision. The following is the relevant piece from the Finance Bill:-

The Minister for Finance may by order 5 appoint

a day (in this Chapter referred to as the 'relevant day') to be the day on which this Chapter comes into effect, which day shall not in any case be earlier than 60 days after the publication of the impact assessment referred to in page B.8 of the 10 Summary of 2011 Budget measures published by the Department of Finance on 7 December 2010.

Our members pointed out to us the devastation that these proposed changes would cause them, the severe difficulties they would face and the IPOA, together with its members outlined these to the Government and opposition parties. An Impact Assessment will be carried out on this situation before a decision is taken on a commencement date. For the IPOA's part, the intensive lobbying will continue with the new Government and Opposition.



Passing of Liam Flanagan

On the 3rd January 2011, we received the sad news that Liam Flanagan had passed away. Liam had been a member of the IPOA since its first ever meeting and worked hard for the Association over the years. He was a Committee Member, IPOA Advocate and spoke at numerous IPOA Meetings. A retired Garda, he was always constructive, promoted standards and the business ethic of letting property. A valued friend and colleague, Liam had been ill for some time before his death and we would like to express our sympathies to his family and friends. May he rest in Peace.

Landlord Receives Three Criminal Convictions for Failing to Register Rented Properties

The Private Residential Tenancies Board has secured three separate criminal convictions against a landlord who failed to register his tenancies on the 15th of December.

The District Court has awarded the maximum fine and



legal costs against the landlord, who failed to register three tenancies with the Private Residential Tenancies Board, despite having received a number of Statutory Notices and warnings requesting him to do so. Three separate prosecution proceedings were taken by the Board against the landlord for failing to register three properties as rental properties in which tenancies existed. After hearing the evidence, the Court fined the maximum penalty of €3,000 in each of the three prosecutions and awarded €1,167.50 in legal costs, also in each case, against him.

These latest convictions follow on from the Criminal Convictions and fines secured by the PRTB in respect of two other landlords on the 15th of November 2010. The PRTB has intensified enforcement activity against unregistered landlords. The three landlords convicted in the past weeks all came to the attention of the PRTB through data exchange with the Rent Supplement Section of the Department of Social Protection. In tandem with the recent introduction of on-line registration, the PRTB is implementing ICT systems which will facilitate database comparisons with other State Agencies and Departments to identify unregistered landlords for prosecution purposes.

Advice for Dealing with Banks

In recent months, Members have contacted us in respect of financial difficulties that they are facing. With reduced rents, negative equity and the reduction in mortgage interest allowable, it is not always possible to service the debt with the Banks. A few general tips:

- Don't ignore the situation?
- Write to the financial institution outlining your circumstances.
- Detail your income and expenditure and how much you can pay, and request that they accept this for a period of time.

Some institutions are trying to force the payment of capital, along with interest, and are threatening to move investors from their tracker mortgages. In these cases, decide what you can afford and offer this in writing.

Do ensure that everything is detailed in writing which will give you a paper trail showing how reasonable you are being and how unreasonable the banks are acting. This will be useful if you need details to pass on to the Financial Ombudsman, or in Court if it gets that far.

What the Parties Outline!

Fine Gael

For some mortgage holders that are in negative equity, trading down would produce a reduction in mortgage debt and more affordable monthly payments. We will work with the Financial Regulator and the industry to facilitate trading down and "negative equity mortgages" by borrowers in this situation. Such options would have to be in the customers' best interest.

We will introduce new universal Mortgage Indemnity Insurance ('negative equity insurance') that provides adequate security for prudent lenders and borrowers against future risks of negative equity.

Suspend (now closed) property-related tax reliefs for the duration of the crisis (thereby avoiding the inevitable legal challenges from the Government's policy).

Before proceeding with further reforms of Section 23 tax incentives, we will await the outcome of the economic assessment by the Department of Finance;

Fianna Fail's proposal, now endorsed by the Labour Party, to introduce by 2014 an annual, recurring residential property tax on the family home is unfair for three reasons:

- The initial flat rate charge means that owners of houses in standard neighbourhoods will pay as much as the owners of mansions.
- It will be difficult to pay for asset-rich but income poor households, particularly the elderly and the unemployed.
- It will be deeply unfair for a young generation that paid exorbitant amounts of stamp duty and VAT on the purchases on over-valued houses, many of whom now find themselves in negative equity.

We will empower local authorities to put in place, following the 2014 local elections, fairer alternatives to Fianna Fáil's and Labour's recurring annual tax on the family home. The options would include:

- No extra local taxes, forcing local authorities to close non-priority services and / or to deliver increased efficiencies;
- Increased local user charges for waste etc.
- The option of a local site sale profits tax. Such a tax would be levied on the profit made from the site value on the sale of a residence (sales proceeds, less cost indexed by inflation, less stamp duty paid and less home improvements).

The final measure might be considered as both fairer and more economically sensible than an annual recurring property tax for a number of reasons:

- It would be less expensive to administer;
- It would exclude families in negative equity, who by definition have not benefitted from a rise in property values. Families who sell their properties at a loss will also be able to carry forward such losses against future capital gains tax liabilities on their residences.
- The tax would only fall due when families have the cash to pay it.
- It would do more to halt the types of property boom and bust and credit cycles that have so damaged our economy and society.

In the interim period, Fine Gael will also raise additional revenues from property and inherited wealth through the following measures:

- An increase in the second home tax to €300 per year.
- A cut in Capital Acquisitions Tax Thresholds (by at least 20%) and increase the rate (from 25% to at least 30%).
- Supporting Working Families in Mortgage Arrears and Distress
- Fine Gael will increase mortgage interest relief to 30% for First Time Buyers who took out mortgages in 2004-08 (from the current sliding scale of 20% to 25% depending on the year the mortgage was taken out), financing in part by bringing forward the abolition of relief for new buyers from June 2011.

Fine Gael will only introduce household water charges when responsibility for water delivery is transferred from 34 local authorities to a single national water company, which will be responsible for cutting operating costs and making the investments needed to fix water leaks, as set out in detail in our NewERA plan. Fine Gael believes that such a national water company would be up and running within 12 months. At that point, the operating costs and future investment requirements for water services will be largely funded by household and business charges, with some continued taxpayer subsidies to pay for free allowances for family households.

Fianna Fail

General Manifesto only covers broad areas - specific policies to be announced separately.

We cannot tax our way out of a recession, as the Labour Party and Sinn Féin are proposing to do. But we must have a tax system that will raise the revenue we need to pay for essential public services without hindering economic development.

The new national retrofit programme to be announced in 2011 together with new tax credits for energy efficiency upgrades.

Amend the enforcement of court orders act to prohibit the granting of a court order for the repossession of a primary family residence unless all steps above are met to the satisfaction of the Court.

Labour

Introduction of new progressive structures for Capital Taxes. In respect of Capital Gains Tax and Capital Acquisitions Tax, the first €50,000 over the threshold will be taxed at 30% and the balance at 35%. These measures will raise €236 million in a full year.

The change in Capital Acquisitions Tax will be introduced in 2011 to finance changes in the Universal Social Charge. Labour believes that appropriate tax rules have a role to play in protecting our environment. Labour will increase the carbon tax to €25 per tonne, with an offset of €40 million to fund fuel poverty measures.

It will be necessary to introduce a site value charge, in order to prevent higher taxes on work. The Government has not, however, carried out sufficient work to allow such a charge to be introduced in the short-term. Further detailed study will be required to devise a fair basis for such a charge that takes account of the value of property in different regions, the need to exempt some categories of homeowners, and the need to take account of those who have recently paid large sums in stamp duty or who are in negative equity. Any charge of this sort, therefore, cannot be set in place before 2014. Accordingly, Labour will publish a Green Paper by the end of 2012 on how the charge can be structured in a fair and efficient manner.

As an interim measure, Labour will increase the second homes levy by €300 to yield €95 million.

Labour does not favour water charges, which do not address the immediate needs of those who currently receive intermittent or poor water supplies.

Sinn Fein

Reduce dependence on regressive indirect taxes. Rebalance the tax system so that it is less dependent on regressive 'indirect' taxes such as VAT and stamp duty.

- No introduction of water charges or of property taxes for primary homes.
- Abolish mortgage interest relief for landlords. Raises €285million (2009 figure)
- Abolish legacy amounts of property tax reliefs. Potential to raise €400million per annum.
- Increase tax on second homes to €600 and introduce a tiered tax increase on subsequent homes: e.g. €700 for third homes, €800 for fourth and fifth homes.

Hardship appeals system: Examine the introduction of an income-linked waiver for individuals with second homes who cannot sell them in the current climate, are struggling to meet mortgage repayments or are in financial difficulties.

Green Party

Metered water charges with a free allowance per household.

The Green Party has always been a proponent of a property tax, specifically in the form of a Site Value Tax (SVT) on all land excluding agricultural land. We will introduce a Site Value Tax on a phased basis, ensuring the protection of those who are unable to pay.

Ensure that the following measures are implemented in full:

- A new Mortgage Arrears Resolution Process (MARP) which will oblige all lenders to consider alternative payment arrangements for those in arrears.
- Reform of the Mortgage Interest Supplement (MIS) scheme.
- A new voluntary Deferred Interest Scheme be adopted by mortgage lenders.

IPOA / IHOA DIGEST

Our concern relates not to those who engaged in property speculation or who have a multiplicity of properties and are in difficulty, but with genuine family homeowners. Something must be provided in order that they can park debt or park interest for an interim period to assist those genuine people in dire straits – Senator Paul Coghlan (Fine Gael, Kerry South).

To give adequate protection to the family we must ensure to protect the family home; not trophy homes or investment properties – Senator Marc MacSharry (Fianna Fail, Sligo).

On the issue of landlords coming into the RA scheme or the social housing leasing initiative, there is a kind of twilight zone involving people living in rental accommodation. Many landlords who have not declared themselves as such and continue to avoid coming into the full glare, are doing themselves a few favours while doing their tenants none Senator Mark Dearey (Green Party, Louth).

The PRTB is able to track landlords who fail to register by cross-checking records held by the Department of Social Protection for the payment of rent supplement. Failure to comply with the law on registering with the Board can result in fines of up to €3,000 and/or six month imprisonment – The Irish Times.

A significant and growing number of landlords receiving rent supplement are non-resident. The minimum the Minister should do with regard to non-resident landlords is to introduce a withholding tax of 20%. There is no way this money should be paid without the State getting some tax clawback. Overall, with regard to resident landlords, what the Minister needs to do is to ensure full tax compliance. A tax clearance certificate should be obtained before the State pays rent supplement. The Minister should do is what several agencies have been imploring him to do for some time, which is to make local authorities responsible for rental support and pay rent supplements directly to the landlord. This is how abuse, tax evasion and social welfare fraud would be cut out. Significant issues are raised, such as some tenants not passing on the full rent supplement and landlords demanding top-up payments – Roisin Shortall TD (Labour, Dublin North-West).

For too long, some landlords have abused the system although the vast majority are conscientious, fair, business people. In my constituency, I have had first-hand experience of the dire conditions some tenants are forced to endure – Cyprian Brady TD (Fianna Fail, Dublin Central).

I am not sure whether some landlords are tax compliant; all I know for certain is that the quality of the housing they provide to very vulnerable people is appalling, disgraceful and should not be tolerated in any civilised society. I cannot understand why they are allowed to continue as landlords. There must be some system whereby they are brought to book and made to be responsible – Mary Upton TD (Labour, Dublin South-Central).

The PRTB commissioned research on the viability of a separate deposit retention scheme in Ireland pursuant to its function, under section 151(1) of the Residential Tenancies Act, to provide advice to the Minister concerning policy in relation to the private rented sector. On foot of this research, the Board endorsed my proposal to introduce fixed fines as outlined above and also decided not to recommend the establishment of a deposit retention scheme – Michael Finneran TD, Minister for Housing.

It is good that the Government has said that water charges will be introduced on a metered basis. That is an essential element of the plan and it is right that the Government parties have taken that view – Senator Alex White (Labour, Dublin South).

The Government should have brought in water charges a long time ago – Senator Mary White (Fianna Fail, Dublin South-East).

There will have to be a huge overhaul of the taxation system. We would be living in cloud-cuckoo-land if we did not acknowledge that such an overhaul would result in the introduction of local or property taxes or a combination of both – Senator Paul Bradford (Fine Gael, Cork East).

A flat rate tax of €100 per home will be imposed on an estimated 1.8 million householders in 2012, as well as on zoned land for an estimated 700,000 additional houses. This interim tax will rise to around €200 in 2013 when a new site valuation tax will be imposed. Details of whether the charge will have to be paid by the property owner or the residents of the household have yet to be worked out by the department. If the onus is on landlords to pay,

they will be liable for €300 per investment property in 2012, rising to an estimated €400 in 2013 – Sunday Business Post.

The IPOA said it was "bordering on the criminal" to change the terms of a contract after it has been signed and the monies paid. It said property owners purchased Section 23 in good faith because of the section relief and now face bankruptcy and ruin. The IPOA claimed it was "outrageous and scandalous" that the state encouraged the purchase of these properties and put the incentives in place, and when they have been purchased, these incentives have been withdrawn. IPOA chairman Stephen Faughnan stated that an "all-out" effort will be made to challenge this situation. "The measures introduced by the budget will cause dereliction in the future, not alone in the older properties, but in the newer unsold properties that stand as a monument to the lack of control on the incentives and of banks that capitalised on these incentives. The landlords of Ireland must stand united and fight this attack on their livelihood," he said – Irish Examiner.

The Labour Party proposes that rent supplement would not be paid to any landlord unless that landlord could produce a tax clearance certificate. It makes eminent sense that landlords, who are in receipt of such vast amounts of public money, should be required to produce a tax clearance certificate because it is known that the level of tax avoidance among landlords is considerable. The other amendment under discussion proposes that not only would landlords be required to have a tax clearance certificate but that the payment of rent supplement would be made directly to landlords and there are many reasons this would be a good idea. For all kinds of reasons, it makes absolute sense to have radical reform of the rent supplement system. If the Labour Party is in



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Government after the next election, this will be its number one priority when dealing with the disincentives that exist within the welfare system – Roisin Shortall, TD (Labour, Dublin North-West).

We should be forcing landlords to drive down the rents being charged and I believe there is scope for saving there – Senator Paul Bradford, Fine Gael, Cork East.

I have come across cases where auctioneers were involved and a prospective tenant would ask the auctioneer how much rent was being sought. The auctioneer would say the amount sought was €650, but would tell the landlord he or she could only get €550. I have come across a number of cases where tenants were in arrears. At present the tenant gets the cheque directly, cashes it and squanders it. In one case it was on drink, resulting in the tenant being in arrears. I made a call to a welfare officer on behalf of a landlord and the welfare officer advised that the tenant was getting €650 but the landlord was only getting €550 from him. At the time, the HSE advised me that it does not want to get involved because it does not want to become a landlord. I believe it is still the case that the tenant can make an arrangement with the landlord for direct payment to the landlord but many of them do not want to, which is a problem. There are landlords, particularly in Dublin's city centre, who are acting the blackguard with tenants. During the flooding, we came across a house with approximately 30 people living in it. It was a dangerous place in which to be living. This problem has not been rectified and still arises in the city centre in places such as Mountjoy Square. – Senator Martin Brady, Fianna Fail, Dublin North-East.

We have a job of work to do regarding landlords. I have appeared before the Private Residential Tenancies Board, PRTB, with residents who were taking on landlords. If the figures indicating there are 150,000 tenants but PPS numbers for only 31,000 are correct, it is an indictment of how badly we are doing our business. We have landlords in every university town and elsewhere who are

appalling. They have no regard for the communities in which they live or for the people to whom they let their houses, and they need to be brought to task. It is important that we tackle the issue of landlords who are not doing their duties. I cannot comprehend why we do not have PPS numbers for landlords – Senator Jerry Buttimer, Fine Gael, Cork South-Central.

Charlie O'Connor TD (Fianna Fail, Dublin South-West) and Noel Ahern TD (Fianna Fail, Dublin North-West) both asked probing questions about Section 23 and the reply from Brian Lenihan TD, Minister for Finance, was: "I have received submissions from industry groups and professional bodies and my officials have met with a broad spectrum of stakeholders including the Irish Taxation Institute, Irish Hotels Federation, Construction Industry Federation, Irish Property Owners' Association, Irish Auctioneers and Valuers Institute and Society of Chartered Surveyors in relation to the proposed changes to Section 23 and property-based tax relief schemes. The only relevant information available relates to 2,429 claims of section 23 type relief on the 2008 income tax returns, the latest available. These claims relate to properties for which tax relief was not previously claimed and exclude any claims made in an earlier year where these were subsequently carried forward into 2008 as unabsorbed losses. The corresponding numbers of claims for the tax years 2003 to 2007, where 2003 is the earliest year for which this information is available, were 1,952, 3,578, 4,126, 4,132 and 2,919 respectively.

Labour claimed vested interests had been able to bend the ear of Government Ministers to postpone the changes proposed in the Budget. Landlords have been lobbying hard since the phased abolition of property-based legacy reliefs was unveiled in last December's Budget. The Department took account of the argument that the provisions would effectively "guillotine" property reliefs immediately, rather than withdrawing them on a phased basis. Stephen Faughnan, chairman of the Irish Property Owners' Association, said: "This will give a breather to the investors of this country who trusted the State and invested on the basis of State incentives in properties like housing, hospitals, nursing homes etc and were shocked by the Government announcement". Defending the decision, Minister for Finance Brian Lenihan said the Government had decided on this approach in light of the "wide range of concerns that have been expressed by individuals and groups, in particular regarding the effects of the changes on the real economy and on employment". Fianna Fail TD Chris Andrews said the Minister's decision was a major victory for those affected by the proposed changes and would provide time and space for the right decision to be taken in the future – The Irish Times.

Although it is seldom that anyone commiserates with investors who also availed of high loan-to-value ratios to pick up rental properties, they are in much the same dilemma as the owner occupiers.

Unfortunately, investors have probably taken an even greater hit because as a general rule they bought apartments rather than conventional starter homes – three bed semis. Not only have apartment values fallen by a greater margin than semis but it is generally accepted that they will take considerably longer to recover because of the high volume of unsold apartments overhanging the market. Just as property values have dropped significantly, rents have also taken a tumble and are now back at levels last seen in 2000 – The Irish Times.

Mention the phrase "Ireland's landlord classes" and it conjures up images of a rack-renting, bed-sit- peddling elite who simply sit back and watch the money roll in from their vast property empires. In reality, today's landlord is much more likely to be a small-time, buy-to-let investor, with one or two white elephant properties, who is now facing death by a thousand cuts – The Irish Times.

Regarding section 23 reliefs in the Budget, we have all verbally bashed property owners and developers in recent years and believed that certain people were managing to write off all of their incomes against these measures. I initially welcomed the section 23 provisions in the budget but later, relatively normal people attended my clinic or sent me e-mails to tell me that they were landlords of two or three properties. It used to be the notion that these tax measures were being milked by large developers, who may very well have been the case, but many normal people in normal jobs like ourselves who had accumulated a couple of properties also believed the measures in the budget were unfair. It is strange to see how a measure one believes is directed at the well-to-do affects someone else entirely when it is rolled out in the real world. While I will not call it a second look, I welcome the study of the proposed changes and the attempt to analyse their real effects to ensure that, where jobs are concerned, no negative side effects emerge further down the line – Noel Ahern TD (Fianna Fail, Dublin North-West).



LANDLORDS : On – Line Registration Service has just been launched !

www.prtb.ie

Landlords!

You can now register your tenancies on line with The Private Residential Tenancies Board, the PRTB. Log onto WWW.PRTB.IE

If you are letting property for residential purposes you **must** be registered by law. Online registration is quick and easy. Simply logon to www.prtb.ie and register in minutes!

The Private Residential Tenancies Board is the regulatory authority for the private rented sector. Residential tenancies must be registered with the Board within one month. Failure to register can result in fines of up to €3,000 and or 6 months imprisonment.

You must be registered with the PRTB to claim for certain tax reliefs.

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