

Press Release
For immediate Release
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Rent Control/Certainty is not the answer

State intervention in the private rental sector has caused the supply problems. The restriction to mortgage interest relief has resulted in landlords making a financial loss paying tax. This was done in 2009 when the rents had adjusted to the surplus of available property and had reduced substantially. This restriction was only applied to the private rental market not the commercial market.

The sector was also hit by increased taxation, the NPPR, Household Tax and finally the Local Property Tax, all expenses but not allowable as expenses. This year landlords also face a further reduction of 4% PRSI which reduces the income from rental property. According to the DKM report 71% of landlords have insufficient income to pay their mortgage from the rental property, 29% of landlords intend to sell and the restriction on deductions and increased taxation may justify increases in gross rents of 20-24%. Over 38,000 Buy to lets are in arrears with the banks.

More investors are leaving the market than entering into it and the supply of rental accommodation is being reduced all the time.

The solution is to sort the unfair tax treatment which is the source of the problem and caused by Government Intervention. The State needs to encourage supply not restrict it; rent certainty results in less investment in the sector. **Up to 62% of rent paid by tenants goes to the State; it is high time that Government treated tenants fairly.** Successive Governments including this Government have taxed tenants out of their homes, consideration must be given to the financial pressure that tenants are currently under and stop the exodus of landlords which reduces the supply of accommodation.

The IPOA the national landlords' representative organisation met with Minister Kelly last week and detailed the difficulties facing the market. The following items were some of the items requested from the Minister which will increase the supply and stop some of the exodus of investors:-

- Allow all mortgage interest paid to the bank to be offset as an expense – it is an expense.
- Allow expenses to be offset against rental income.
- Amend the Residential Tenancies act to make it effective and allow the PRTB more Staff to increase dispute efficiency.
- Allow bedsits to re-open with designated bathrooms for each unit not necessarily within the unit.

Stephen Faughnan Chairman stated that “rent certainty is not the answer, supply certainty is the answer, increasing supply is essential, and fair tax treatment is the only solution, the root of the problem needs to be addressed or the exodus of landlords from the sector will continue and both tenants and landlord will suffer. The state needs to provide housing for its' citizens and part of the solution is to ensure that the private rental market is sustainable in the long term.”

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