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IPOA News

Official Newsletter of the Irish Property Owners' Association,
the National Landlords' Representative Organisation

Issue 30

December 2014



Editorial

On 20th November 2008, the then Environment Minister, John Gormley, announced that he was introducing legislation to ban bedsits. We issued a Press Release citing three issues that would be a consequence of this drastic, unnecessary, and crazy move:



1 Displacement of tenants and homelessness in mass proportions.

2 Unnecessary costs to have needless alterations to existing comfortable accommodation.

3 Seriously deplete the stock of long term affordable accommodation.

Six years down the road, and what have we got: mass homelessness, exorbitant costs to have any, or all, alterations done, loss of a large number of affordable accommodation units, and all this is being left at the door of the landlord - or as some refer to us as "The Greedy Landlords".

The IPOA called for incentives to encourage investment, to bring our properties up to the new standards, but instead, we were taxed more and more, and at a time of crashing rents, increasing mortgage repayments and bank stubbornness, few landlords, if any, were in a financial position to invest in expensive upgrading. We detailed a package of the necessary incentives that would encourage investment, bring up to standard all properties needing work, increase energy efficiency of properties, and create much needed employment. We explained these measures to all relevant Ministers over the years: John Gormley, Michael Finneran, Batt O'Keeffe, Phil Hogan, Willie Penrose, and Jan O'Sullivan. The standard answer was a polite silence.

Now, we see that the fan has been well and truly hit. We are in limbo despite the return of the economy to greater things and a reasonable rise in rents, but the Government is in turmoil with Rent Supplement and shortage of units, while homeless people are dying on the streets. The new Environment Minister, Alan Kelly, has come up with a plan that with the co operation of the social housing and private rental sectors, will bring 110,000 units of accommodation into operation by 2020. This sounds wonderful in speech, looks good on paper, but has not a hope in hell of being achieved. It is indeed most interesting to note that most of the plan will commence in 2016 - after the next General Election.

All the hype of a minority of organisations who were persistent in calling for the removal of bedsits over the years has now fallen silent, when all that many unfortunate homeless people want out of life is a roof over their heads. Homeless people are not concerned if the bathroom is out in the back garden, like the good old days, or if the kitchen sink is shared with others; they don't care if they have to share other facilities, no, not at all. They just want to be under their own roof, comfortable and safe in their homes, and have a little pride in themselves. We now see some concocted efforts to draw attention to vulnerable people who have to sleep in their cars, using the Holy Season of Christmas as an excuse to get donations and attention so that this minority of organisations can keep pontificating and presenting themselves as great benefactors and saviours of tenants.

Instead of unhelpful pontificating, the IPOA, representing the landlords of Ireland who already provide accommodation for up to 30% of the population, call on politicians in Government and Opposition to give serious thought to the realities of life away from their closeted life inside the Leinster House

railings, to listen to the people who know how to accommodate their tenant customers, and who can supply the units necessary to house people at an affordable price which is fair to all concerned. Real and meaningful gestures recognising that landlords are in the business of letting property, are not the evil people of previous times, but are an essential element of any sane Government policy on housing, would represent real action which, at the end of the day, is worth far more than baseless words, pre-General Election gimmicks, and general rabble rousing tactics.

At the end of another turbulent year may I extend the compliments of the season to you and thank you for your support.

Stephen Faughnan
Chairman



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Best wishes for Christmas Season

We would like to take this opportunity to offer our best wishes for the Christmas Season and for 2015. We really appreciate your constant support. Thank you!



Meeting with Minister for Housing

On the 6th October, a delegation from the IPOA met with Paudie Coffey, TD, Minister for Housing and Officials from the Department of Environment to discuss issues affecting the private rental market.



The first item discussed was the standards in private rental accommodation and their effect on the supply of homes. The requirement to have integrated bathrooms in the traditional bedsits has resulted in the loss of numerous units to the market and with increased homelessness. The IPOA reiterated that property should be to a good standard but feel that withdrawing homes because they do not have integrated bathrooms is a step too far. An acceptable compromise which would help reduce homelessness would be to allow designated bathrooms for the sole use of particular units. The Department agreed to look at the white goods element of the statutory instruments to prevent the situation arising that a landlord could be responsible for maintenance of the tenants white goods.

The situation around a Deposit Protection Scheme was debated. A Custodial Deposit Scheme has been agreed by the Government. It was originally envisaged that this would be run by an independent operator, but as a result of difficulties caused by the Residential Tenancies Act 2004, this is not possible. A decision has been taken that the PRTB will run the scheme. The alternative compensation fund suggested by the IPOA and its advantages were reiterated, but in spite of the good sense and the protection it would afford, it is not in the Minister's plans. A costing will be carried out on the PRTB running the Custodial Deposit Scheme over the next few months.

The delays and money being lost by landlords as a result of over-holding and non-payment of rent were discussed. This was detailed to the Minister and we requested that where rent is not paid, the protection is removed from the Act for the non-compliant tenant. Regarding anti-social behaviour, the system protects anti-social tenants to the detriment of neighbours and other tenants.

The Minister confirmed categorically that there will be no Rent Control.

The IPOA have developed a new lease for long term tenants agreeing a fixed period of 12 years. The Chairman outlined the lease and the reasons behind it to the Minister. A request was made to the Minister to show his commitment to the lease by putting some incentive to encourage landlords to take it up, similar to the one provided to farmers around the long-term leasing of land. The lease was welcomed by the Minister. He was very interested and felt that it would be a step forward for everyone. He said that he would look into the situation around incentives.

Stephen outlined the work of the IPOA and its long association as the landlord's representative body from 1993 onwards. He outlined the contribution to the Commission and our contribution to the original Residential Tenancies Bill and the subsequent Act.

Water Charges – Minister, Hands off Deposits

There is still a lot of confusion around the water charges, and the situation changes frequently.



The IPOA had clarity on the 12th November 2014 after Irish Water addressed a members meeting in Cork. The plans put the liability for the charges on the occupier of the premises, not the owner. The owner was expected to give the name of the occupier if requested by Irish Water. However, Minister Kelly clouded the situation on the 19th November when he changed the tariffs and decided that the current plans should be amended by legislation. In the Frequently Asked Questions section of the official document, the following statement was made:-

"In the case of tenants in private rented accommodation, legislation will be introduced to insert into all tenancy agreements/leases a deemed obligation on the tenant to discharge their liability for water charges. On the changeover of a tenancy, the registration of a new tenant with Irish Water would be conditional on all water charge arrears being discharged and, in the event of the former tenant not discharging those arrears, the landlord would be entitled to withhold the amount concerned from the tenant's deposit and would be required to remit the amount involved to Irish Water."

This is putting the responsibility back on the property owner if the tenant does not pay, which is intolerable and unacceptable. We cannot be responsible for services or utilities used by tenants. We met with Irish Water recently to clarify the situation. The IPOA had been assured categorically on the 12th November in Cork that the liability was to be on the tenant and provided the names were given, the landlord would have no financial liability if the bill was not paid. Irish Water were not aware of the proposed changes until the Monday evening prior to the announcement being made. There was no consultation with Irish Water. There is no concept as to how it will work and legislation will be drafted to make it effective. The legislation is expected to be drafted in two tranches, the first before Christmas dealing with tariffs and the second after Christmas dealing with the landlords' obligations. There will be issues with the retrospective liability on people with existing contracts, data protection and who has first claim on the deposit, etc.

The only way we can stop this is by intensive lobbying and a co-ordinated effort to ensure that the legislation is not brought in. You need to make your annoyance felt – contact your TD's and Senators, email letters to the Editors of the papers and/or phone radio stations. Talk to your tenants – they are being disadvantaged by this, they won't get their grant if you cannot put the charges in their name, their water will then cost them more. The Government need to be told **"Hands off Deposits"** and **"Collect your own charges"**

IPOA AGM

The Annual General Meeting of the Association was held in Griffith College on the 10th September 2014. We had a turnout of approximately 300 members at the event. The business aspect of the meeting was dealt with very quickly with the minutes, financial statement, etc. agreed in an efficient quick manner. There was a brief update on issues affecting the market in general.

The main interest on the evening were the guest speakers, Paul O'Donoghue, Head of Customer Operations in Irish Water, and Pat Smith, CEO of the IFA. The water charges and their liability is a very contentious issue and there were numerous questions and answers in this respect. Pat Smith gave a brief talk on the development of the IFA, outlining some of the procedures of importance.

IPOA Long-Term Lease

The association has been working on a long term renewable lease. This would be beneficial to tenants who wished to remain in accommodation for over a decade. The property would be let unfurnished and the tenant would be responsible for all services. The rent would be below market rent. Unfortunately due to Minister Kelly's idea of placing the water charges burden on landlords if tenants do not pay, this has now stalled. It may be impossible for us to provide the additional security to tenants as a result of the Ministers intervention in the market.

IPOA Information Evening Cork



An Information Evening was held in the Hayfield Manor Hotel in Cork on the 12th November 2014. Our guest speaker on the night was Paul O'Donoghue, Head of Customer Operations, in Irish Water who was also accompanied by Noeleen McHenry.

Paul gave a very comprehensive outline on the responsibility of landlords in respect of water charges. He categorically stated that provided that Irish Water had the name of the tenant, there would be no liability to the owner of the property. Under data protection, landlords can give Irish Water the names of their tenants. (This meeting was prior to the Minister Kelly's new regime attempting to make landlords responsible.) There was an excellent questions and answers session with Paul, and members left the meeting understanding the situation at that time.

Members present were also updated on the Housing Standards for Rented Houses, the work of the Debt Committee, the proposed Deposit Protection Scheme, and the proposals and work carried out by the Association. Members were given information on the proposed amendments to the Residential Tenancies Act, the Housing Assistance Payment, and the extension of the Home Renovation Incentive Scheme to private rental properties. The IPOA's new fixed term lease was also discussed. It was a very well attended evening.

Cork Committee

Prior to the recent Information Evening in Cork there was a meeting with a number of Members willing to establish a working committee for the Cork Region. They will meet and organise to deal with local issues and local lobbying. Meetings will be held on a regular basis, and information evenings and seminars in the area will be organised to help members to keep up to date with legislation and matters affecting the private rental market. If you are interested in assisting them please contact the office and we will pass your name on to the committee.

References are Essential

It is essential when letting property to look for references for prospective tenants. Once an anti-social tenant is in a property, it can be very difficult, stressful and time consuming to get your property back. It is important that you check with the previous landlord and if at all possible, the previous, previous landlord, to ensure that you are letting your property to a tenant who will abide by their obligations under the Residential Tenancies Act.

It is not sufficient to read the reference, ensure that you verify it with the property owner as well. Landlords can also look up disputes on the PRTB site and check if prospective tenant have been involved in dispute resolution previously. This is a free resource.

Information Evening on Debt 23rd July 2014

An Information Evening was held in Ashtown Business Centre on the 23rd July 2014 for people negotiating with the banks. The guest speakers were Nick Leeson & Padraig Dempsey. The meeting commenced at 7.15pm with around 60 members. Nick Leeson gave a brief background on his life and the trial and tribulations that he faced, including his early banking career, and other difficulties encountered.



Padraig Dempsey, Tom Reilly & Nick Leeson

His key points:

- * **Communicate.**
- * **Get help and advice.**
- * **Deal with situations.**
- * **Don't postpone the realisation of losses.**
- * **Solutions need to be sustainable.**
- * **Send a negotiator into the banks on your behalf - don't go yourself.**

Padraig Dempsey also gave a comprehensive talk. He introduces investors in financial difficulty to other investors who will lend for the short term at a high rate.



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Be Prepared for Cases with PRTB

If you are taking or defending a case, be prepared. Lack of preparation often results in an unsuccessful outcome. Prepare your case well. Put together a file on the situation. The original lease, inventory, all variations and rent increase documentation should be in the file. All paper work should be in date order so it is to hand. Anticipate anything that might come up and be prepared to answer fully.



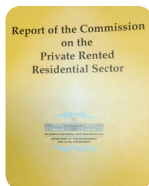
If the case is for rent arrears, ensure that you have served the letters required by legislation and that the notice of termination contains the items required by statute. Do a statement outlining the rent paid stating the date the rent was due, the amount due, the date it was paid, the amount paid, and the amount outstanding. If the rent is paid into the bank, ensure that you have the documentary evidence in support of your claim, which should be submitted at least 10 days prior to the hearing date, with any confidential items redacted.

Deposit /Inventories

A deposit is taken for damages above normal wear and tear, and can also be used for rent arrears. When you take the deposit from a tenant, it is good practice to get the inventory signed at the same time. The inventory should include the age and condition of the items, and the cleanliness of the property and state of the garden. Photographs may also be taken and signed. Without an initial detailed inventory it is difficult to win a case for damages above normal wear and tear.

Commission Report

The Commission Report was published in 2000 and the IPOA contributed to it extensively being one of the consultative parties. A balanced range of measures were agreed for the good of the private rental sector, some that would benefit tenants and some that would benefit landlords. However, the Government brought in the ones that benefited tenants and did not bring in the ones to benefit landlords.



To quote Paragraph 8.11.C of the final report of the Commission on the Private Rented Sector: *"The Commission's (tax & investment) recommendations were framed in the context of the agreed objective that a more professional approach to the provision and management of rented accommodation would be desirable. The majority considered that this could best be achieved by treating for tax purposes the business of providing accommodation for renting in the same way as any other business, where appropriate, and provided that it is a legitimate business being actively managed. The Commission also framed its recommendations in the context of the identified need for increased investment in the sector, particularly by institutional investors."*

14 years later, we still have not seen the recommendations implemented and the sector has further been disadvantaged by increased taxation and 25% of mortgage interest continuing to be not allowable.

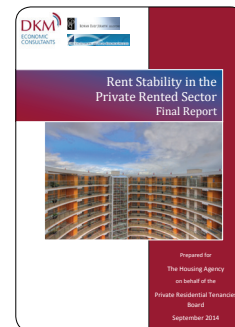
Information Evening on Debt Management 16th December 2014

An information evening on debt management was held in Ashtown Business Centre on the 16th December 2014. Members got a comprehensive presentation from Tom Murray, Friel Stafford. 71% of landlords with loans have insufficient rental income to pay their mortgage repayment. This is the reality which has led to a lot of people having to negotiate with the banks. It was a very informative evening with excellent contributions from the members present.

Report on Rent Stability in the Private Rented Sector

The report was prepared for the Housing Agency on behalf of the PRTB, and addresses areas such as rent stability, rent supplement, taxation, and rent regulation.

It is a lengthy and detailed report but does not recommend Rent Control. This report is available on the PRTB website at www.prtb.ie/media-research/news-centre/future-of-the-private-rented-sector-in-ireland-published



Below is an excerpt from the summary of the report.

"The private rented sector has experienced significant growth in the past number of years with one in five households now renting in the private rented sector. However, recent trends indicate that the sector is becoming increasingly constrained, as evidenced by trends in rising rents, which in turn are impacting on affordability, particularly in Dublin. The mortgage arrears problem is one of the biggest remaining challenges from the financial crisis, particularly for the BTL sector which continues to show an escalation of the number of arrears cases and currently lacks any resolution strategy. While the impact of rent regulation is uncertain, given where the Irish housing market is at present, the introduction of rent regulations in Ireland is likely to exacerbate the current problems being experienced in the market.



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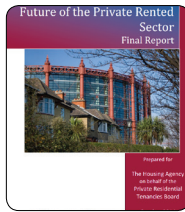
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Future of the Private Rented Sector

Research was commissioned by the PRTB into the private rental sector and a comprehensive report was produced by DKM in November 2014.

Outlined is a summary of the suggestions that were made:-



RENT AFFORDABILITY REVIEW OF RENTS

- a) Extend notice period for rent increase to 3 months
- b) Landlord should provide details of three comparable properties to justify rent increase where possible
- c) Due weight to PRTB data in disputes
 - Allows the tenant more time to assess the market.
 - Allows the tenant more time to collate information and data if they wish to seek a review.
 - Potential destabilising effect on security of tenure of facing notice of a rent review after 9 months rather than 11 months.
 - Seeks to ensure that landlords do not attempt to increase rent based purely on trends in the market.
 - Allows consideration of the quality of accommodation on offer.
 - Useful in rural areas, where there is likely to be a lack of suitable information available from the PRTB.
 - May dampen rent increases where rents are higher than the average market rent.
 - May not be possible in certain locations.
 - No impact on the level of rent sought.

Short term recommendation.

PROVISION OF MARKET INFORMATION

- a) Increase data gathered from PRTB registration process
- b) Quarterly rental publication, plus online mapping tool.
- c) Increase awareness of PRTB, rents, rights and obligations.
 - Greater awareness of rents and quality of accommodation (BER ratings, age of building) may allow tenants to successfully challenge rent increases.
 - Greater awareness of rents may allow tenants to successfully challenge rent increases if they are excessive.
 - Greater awareness of rights may allow tenants to successfully challenge rent increases.

- A more educated tenant which may result in more disputes ruling in favour of the tenant.
- Increased awareness may lead to more rent review disputes by tenants.

Short term recommendation.

INTRODUCE RENT CERTAINTY LEASE

- Rent certainty.
- Voluntary arrangement between tenant and landlord.
- Less voids for landlord.
- Security of tenure - assists long term renters.
- Information needs to be publicised.
- May reduce mobility in the sector.
- Two potential incentive options:
 - Provide 100 per cent interest relief on borrowings for landlords;
 - Disregard 20 per cent of rental income for tax purposes.

Short/medium term recommendation.

RENT SUPPLEMENT

- a) Review Rent Supplement limits in line with market rents based on market share.
- b) Review Rent Supplement rent limits every 12 months
 - Aims to provide a market share of properties.
 - Reduces risk of homelessness.
 - RS generally seen as a pricing floor by landlords.
 - Will increase the overall average market rent.
 - Aims to ensure rents move in line with the market.
- c) Consistent with the Residential Tenancies Act 2004.
- c) Extend the Interim Tenancy Sustainment Protocol (ITSP)
 - Increases security of tenure for tenants.
 - Will reduce homelessness.
 - Aligned with Section 38 of the DSP Social Welfare Regulations 2007.

Short term recommendation.

INTEREST RELIEF FOR RENT SUPPLEMENT HAP TENANCIES

- 100% Interest Relief on borrowings for landlords letting for minimum of 5 years to Rent Supplement/HAP tenants.
- Unavailable to landlords who have no borrowings.
- May distort market in favour of HAP tenants.

Short term recommendation.

CGT TAX RELIEF FOR RENT SUPPLEMENT/HAP TENANCIES

- CGT relief for landlords where letting for minimum of 5 years to Rent Supplement/HAP tenants - relief will be for time of letting to tenant - not absolute exemption.
- Provides incentive to let to HAP tenants.
- May not have perceived benefit for landlords who bought since 2004 due to property price deflation.

Short term recommendation.

TENANT'S TAX RELIEF FOR LOW INCOME TENANTS

- Freeze removal of tenant's tax relief for low income tenants at 2013 levels to 2017.
- Provides small measure of relief to low income tenants who are suffering rent increases.
- May have little real impact on affordability as worth €200 to €400 per annum - higher for individuals over 55.

Short term recommendation.

REGULATION IN THE PRIVATE RENTED SECTOR: INCREASE KNOWLEDGE OF RESIDENTIAL TENANCY ACT- ONLINE CERTIFICATION FOR PROFESSIONALS

- Professionals involved in the management and letting of residential property should be required to pass an online certificate examination in the rented sector.
- Increases understanding and thus compliance with the RTA.
- Will professionalise the sector.
- Could potentially reduce disputes.
- Requirement would introduce a need to have objective and reviewable procedures.
- There is likely to be a cost associated with implementing such a measure.
- Failure, if linked to licensing of the agent, may impact on his or her livelihood.

Short term recommendation

INCREASE COMPLIANCE WITH THE PRTB REGISTRATION PROCESS

- Increased communication between PRTB, Revenue and DSP to assist compliance.

Short term recommendation.

EXTEND SECURITY OF TENURE FOR FURTHER PART 4 TENANCIES

- Extend security of tenure to the first six months of the further Part 4 Tenancy.
- Move from arbitrary 4 year tenancy to an indefinite tenancy arrangement.
- Increases security of tenure for long term renters.
- Stable revenue stream for landlords.

INCREASE TERMINATION NOTICE PERIODS FOR FURTHER PART 4 TENANCIES ON A PRORATE BASIS

- Extend notice period on a pro-rata basis in line with the length of the tenancy.
- Subject to caps of 224 days for landlords and 112 days for tenants.
- Shorter notice period may apply in certain circumstances for tenants.

INCREASE RESOURCES OF THE PRTB

- To generate a more efficient Dispute Resolution Process.
- Telephone mediation should be promoted with consideration of an online dispute negotiation /resolution process.
- Consideration should be given to the introduction of prescribed processing times, although enabling legislation in the RTA may be required for prescribed processing times.
- Further information should also be sought in regard to the nationality of tenants bringing disputes to the PRTB.
- Assists other organisations in addressing issues of discrimination within the PRS and wider society.

Short term recommendation.

ENFORCEMENT OF PRTB DETERMINATION ORDERS BY COURTS

- In assisting with a more efficient debt collection process by the courts, consideration should be given to the use of compulsory deductions from wages or social welfare benefits, or to engaging the services of the Public Sector Debt Collection Working Group.

Medium term recommendation.

IMPROVING QUALITY OF THE EXISTING STOCK: ENFORCE THE RESPONSIBILITY OF LOCAL AUTHORITIES TO CARRY OUT HIGH QUALITY INSPECTIONS OF RENTED PROPERTIES

- Speed up the pace and quality of inspections by local authorities, prioritising properties at risk.
 - Enforce the legal obligation on landlords in regard to minimum standards and issue a Certificate of Compliance with minimum standards every 3 years.
- Ensures compliance with the Housing (Standards for Rented Houses) Regulations 2008.
 - Ensures a sustained improvement in the quality of the rented stock.

Medium term recommendation.

EXTENDING THE HOME RENOVATION SCHEME TO THE RENTED SECTOR FOR A PERIOD OF TWO YEARS

- Extend the scheme to the rented sector for a period of two years.
- Assists to improve the quality of the private rented stock.
- Improves the number of dwellings meeting the minimum standards for inspections.

Medium term recommendation.

ENFORCE BER REQUIREMENT

- Enforce the legal requirement for a property to have a BER rating in order to be advertised for rent.
- Improves the quality of the housing stock.
- Increases the information for tenants.

Short term recommendation.

HOUSE CONDITION SURVEY

- The Housing Agency, in conjunction with the DECLG, to undertake a House Condition Survey every two years.
- Provides a wealth of information on all tenures and types of housing.
- Opportunity to ascertain other information from residents about their dwellings.

Short term recommendation.

PROTECTING EXISTING STOCK: CODE OF CONDUCT ON BUY TO LET MORTGAGE ARREARS:

- Set out the rules of engagement between the lender, the landlord and the tenant.
- Fully adhere to the requirement of the Residential Tenancies Act 2004.
- Ensures that the requirements of landlord and tenant law become an explicit consideration in receivership and repossession processes.
- Safeguards the private rented sector from volatility arising from a higher scale of repossessions and receiverships.
- Legislative implications of option.

Short term recommendation.

IMPROVE AWARENESS OF THE RENT-A-ROOM SCHEME

- The scheme should be publicised via an advertising campaign.
- Incentivises use of space in existing properties in the short term until the supply side is addressed.

PROMOTING INVESTMENT AND SUPPLY EXTENSION OF LIVING CITY INITIATIVE TO LANDLORDS

- Areas covered by relief are perhaps very suitable for provision of rental residential accommodation.
- Extension of relief to investors into sector may allow for access to existing disused stock that is not compliant with housing regulations.
- Focus is on cities where there is a shortage of supply.
- Allows conversion of non-residential dwellings into residential uses.
- EU State aid approval required – this is ongoing for existing scheme.

Medium term recommendation.

REDUCE COMMERCIAL RATES FOR RESIDENTIAL UNITS ABOVE COMMERCIAL PREMISES

- Encourages use of overhead premises for residential purposes.
- Focus would be on cities where there is a shortage of supply.
- State aid issues.

Short term recommendation.

REDUCE VAT ON NEW HOUSING CONSTRUCTION

- Reduce VAT on new housing construction as opposed to sale from 13.5% to 9% for a 2 year period.
- Time limitation to provide incentive to increase supply.
- This form of incentive has shown to be successful in hospitality sector.
- EU rules to be considered – may not be possible.
- Supply side measure like this may be undermined by lack of bank funding for investors/ lack of investor appetite.

Short term recommendation.

FUNDING TO INVESTORS TO BUILD RENTED HOUSING FOR LOW INCOME TENANTS

- Provide low cost funding to investors to build rented housing for low income tenants.
- Should promote new supply for low income households.

Medium term recommendation.

REVIEW THE DEVELOPMENT PLAN STANDARDS FOR THE PROVISION OF STUDENT ACCOMMODATION

- Assist with incentivising investment in the sector by specialist providers of student accommodation.
- Student Accommodation should be recognised as a specific property type.

Medium term recommendation.

TAX TREATMENT OF LANDLORDS

- Ensure a level playing field for landlords with respect to tax treatment; specifically restoration of 100% interest relief on borrowings and deduction of LPT for tax purposes.

Long term recommendation.

PROFESSIONALISE THE SECTOR

- Tax exemption for REITs should be extended to income arising from the financing of investment by third parties in the residential sector, to build and construct units that will be held by the REIT or third parties for rental purposes.

Long term recommendation.

MULTI-ANNUAL HOUSING DEVELOPMENT PROGRAMME FOR THE NOT FOR PROFIT SECTOR

- Incentivise multi-annual housing development programme for the not for profit sector.
 - Should promote new supply.
- Long term recommendation.

POTENTIAL ROLE FOR COST RENTAL SHOULD BE EVALUATED.

- The development of cost rental is more likely to be a longer term solution for the lower end of the market.

Medium term recommendation.

IPOA had a substantial input into the report which is recognised in its content.

The report is on the PRTB website:
www.prtb.ie/media-research/news-centre/future-of-the-private-rented-sector-in-ireland-published

Housing Standards

It is essential that landlords inspect their properties at least twice a year to ensure compliance for Housing Standards for Rented Houses Regulations. The statistics for these standards are sadly poor with very few properties passing on first inspection. Landlords need to be more pro-active to ensure compliance.

However the grading system used in the inspection process is ridiculous. Many properties that are not compliant fail for minor reasons that do not make a property unfit for habitation. If every item is not perfect it does not pass and if your tenant has blocked a vent or removed the fire blanket from the kitchen it will fail.

A balanced reporting system is what is required stating whether an item is minor or major but that would not give the dramatic statistics that denigrate rental accommodation providers.

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Telephone Mediation

In telephone mediations, an impartial, trained Mediator will work with both sides to assist them in reaching a mutually satisfactory resolution of the issues under dispute. Both sides are contacted individually by telephone and, through a series of calls, the Mediator facilitates the parties in coming to an agreed resolution within a short period of time. You will not have to speak with the other party to the dispute. Telephone Mediation does not rule out other options if an agreement is not reached. The Telephone Mediation process is a lot quicker than the Adjudication process and is less formal, less adversarial and requires far less paperwork. If the mediation is successful, the parties will make a mediation agreement and the mediator will submit a report to the PRTB which will form the basis for a legally binding Determination Order by the Board of the PRTB. Both parties must engage in the mediation process for a mediation to proceed. If the mediation does not reach a successful outcome, the applicant can apply to have the dispute referred to a PRTB Tribunal for resolution.

BENEFITS OF TELEPHONE MEDIATION

- **Speed** – weeks as compared to months for adjudication. Cases are prioritised with the aim to have an agreement reached within a number of weeks.
- **Success rate** – To date 93% - when both parties engage in the process.
- **Control** – Parties remain in control of the process at all times and come to their own mutually acceptable agreement.
- **Convenience** – Neither party has to attend a hearing; to travel to/from the hearing location or requires time off from work/college. The telephone mediator will, where practicable, work around parties availability.
- **Less paperwork** – Compared to evidence submitted at adjudication hearings.
- **Private and Confidential** – The dispute remains private to the parties, the Determination Order will not be published which is the practice in all adjudication hearings.
- The terms of the Agreements are **legally binding** and enforceable.

Deposit Protection Scheme Update

As IPOA members are aware, a Deposit Protection Scheme is in the programme for Government. In spite of the damage it will do to the sector, the delays it will cause to tenants/landlords, the cost, and the increased paperwork burden, the Government have decided to put a Custodial Scheme in place. (IPOA have suggested an alternative which would be cheaper and more effective and give better protection to tenants). The Government's original intention was that it should be administered by an outside independent company but in view of the legal difficulties with existing legislation, this is not possible. It has been decided that the PRTB should run the scheme. The scheme has not been costed as yet. We will keep you informed as more details emerge.

IPOA Website

As you are probably aware, the coding on our website had become obsolete. We have developed a new website going forward. This is a long-term project and we are still adding and finalising items within the website. Please bear with us whilst we perfect the site and add new features.

BER



All advertisements for rental accommodation should contain a buildings energy rating unless they are exempt.

UIPI International Property Day 2014

The International Union of Property Owners (UIPI) has held its annual International Property Day in Brussels on the 18th November 2014 to discuss the Effectiveness of Private Rental Markets.



The purpose of this year's event was to take stock of European level developments in relation to private rental markets within the framework of the European Economic Governance, and to debate together with European Commission and key stakeholders from the real estate and construction sectors the recent national rental law reforms and Rent Control trends, as well as their potential impact on economic growth.

The keynote speaker was **Peter Pontuch**, from the European Commission, DG Economic and Financial Affairs who presented an Economic Paper assessing the impact of Member States private residential sector regulation on house price dynamics. The study concludes that Rent Control measures tend to have an adverse effect on housing market dynamics, increasing the volatility of house prices when facing shocks to the fundamentals (such as shifts in population, household income, residential investment and interest rates).

The UIPI President, **Stratos Paradias** said: "The private rented sector plays a crucial role on the housing market by providing housing options to a section of the European population who is not willing, or able, to enter the owner-occupied market, or has no access to social housing. Rent Control is topping the political agenda in several EU Member States. Such policies clearly have a considerable impact on the effectiveness of the private rental market. Not only do these policies reduce investors' interest in the housing market and endanger the investments already made by millions of private citizens, but they also put at high risk the supply of housing. We need housing policies that maintain a subtle balance between the interests of all the parties if we want to have decent and affordable housing for all in Europe."

PRTB Seminar 23rd October 2014

The PRTB hosted a seminar in Dublin Castle entitled the "The Future of the Private Rented Sector" in Ireland which was opened by the Minister for the Environment, Community and Local Government, Mr. Alan Kelly, T.D. It also marked the tenth anniversary of the establishment of the Board.



The conference considered measures to increase the supply of accommodation and to achieve a greater level of rent stability. Measures have emerged from a study commissioned by the PRTB and undertaken by a consortium led by DKM Economic Consultants, and included the ESRI, Red C Research and Marketing, and law firm Ronan, Daly Jermyn.

Among the topics covered by the study, and which were outlined and debated at the seminar, were an assessment of the economic, policy and taxation treatment of the private rented sector. A national survey of attitudes to the private rented sector (including landlords, tenants and the general public) has also been undertaken and the results were presented at the seminar.

Private Residential Tenancies Board (PRTB)



Bord Um Thionóntachtaí Cónaithe Priobháideacha
Private Residential Tenancies Board



BEFORE THE TENANCY STARTS

- Know your rights and obligations www.prtb.ie/helpful-information
- Do background checks on your tenant including previous landlord/work references.
- Search the Tenant's Name on the PRTB website for possible previous dispute cases where the tenant was named as a party. www.prtb.ie/Dispute-outcomes and www.prtb.ie/tribunal-outcomes
- Try to obtain your tenant's PPSN (PRTB cannot process a case without having a valid address for your tenant, and not having a PPSN will delay the case and may even prevent a case progressing. A case would be simply unenforceable through the courts if the PRTB could not prove that the person was on notice of the case against them).
- Good Record keeping; review our checklists: Have proofs as to the condition of your property before and after letting (photographs, inventory, invoices for work completed are always useful when the non-refund of a deposit is in dispute); www.prtb.ie/checklists
- Issue a Valid Notice of Termination. If the tenant does not receive a valid Notice of Termination they are not required to vacate the dwelling irrespective of any other issues arising. Know how and when to serve notices of termination; www.prtb.ie/termination-notices

UNLAWFUL TERMINATION AND RENT ARREARS

- A Tenant has an obligation to pay rent to a landlord on the date it falls due. However, the law is clear that, even if the tenant stops paying rent, a landlord has no legal right to evict a tenant without serving a valid notice of termination, and if the tenant over holds in the property then a landlord is required to go through the dispute resolution process. Given the serious nature of this issue, where a tenant may be deprived of entry into their home (and be potentially homeless without access to their goods), this will have adverse consequences and a landlord may be penalized with an award of damages if they do not follow the correct procedures.

REGISTERING YOUR TENANCIES

- All private residential tenancies must be registered with the PRTB within one month of the commencement of the tenancy. If a tenancy is registered within one month from the date the tenancy begins, the registration fee is €90. After one month the registration fee is doubled to €180. Tenancies can now be registered online at www.prtb.ie
- Registration is a legal requirement. Failure to register may result in a fine of up to €4,000 and / or up to 6 months imprisonment.

DISPUTES

- The Dispute Resolution Service can be applied for online with a considerable reduction in fee rates. Apart from traditional face-to-face mediations and adjudications, the PRTB is now offering **a fast-track Telephone Mediation Service**. This method, amongst other benefits, enjoys a 97% success rate. www.prtb.ie/telephone-mediation
- Before submitting a dispute, gather all evidence relevant to your case. A quick guide to same can be accessed at www.prtb.ie/evidence



Bord Um Thionóntachtaí Cónaithe Priobháideacha
Private Residential Tenancies Board

Private Residential Tenancies Board,
PO Box 47,
Clonakilty,
County Cork.

T: 0818 30 30 37

E: registrations@prtb.ie; disputes@prtb.ie

Copy of Submission to Michael Noonan TD sent on the 26th September 2014**Michael Noonan TD**Minister for Finance
Upper Merrion Street
Dublin 2

26th September 2014

Dear Minister,

2015 Pre-Budget Submission

In the fall out from the collapse of property prices in the course of the last number of years, a vibrant conversation has occurred around the perceived necessity of Irish people to own their own homes. In the course of that conversation, it has been lamented, by some, that Ireland doesn't follow a more European model in regard to the letting of property which would facilitate a culture developing where Irish people don't necessarily own their own homes, but rent throughout the course of their lifetimes.

In considering those issues, it has become clear that the culture of letting residential property in Ireland does not lend towards this type of practice and, it is the understanding of the IPOA that this requires change.

IPOA have launched their new long term leasing structure--- HOME 4/12---

We are offering tenants' unfurnished accommodation, long term leases, in keeping with the provisions of the Residential Tenancies Act 2004, and rents substantially lower than current market trends to reflect the long term commitment of the tenant with security of tenure.

We are of the view, that in order to change the culture of anything, people's habits and attitudes need to change. We are also of the belief that this is best achieved by providing an incentive to people, and Government support is very important in that context.

Exemption from Income Tax for Long Term Letting

We therefore request that an exemption be provided from income tax on the long term letting of residential property. In terms of precedent, we would refer to Section 664 of the Tax Consolidation Act 1997, which provides an exemption from income tax on the long term letting of agricultural land. We understand that Section 664 of the Tax Consolidation Act 1997 was introduced in order to change the culture in agricultural circles around short term leasing of land, to enable longer leases to be entered into thereby giving tenants security of tenure, which in turn provides them with the flexibility to plan for the future and invest in their lease holding.

We believe it would be welcome and appropriate for the Government to introduce a similar exemption in regard to long term lettings of residential units to facilitate the cultural change that is required in order for this to become a significant part of residential letting in Ireland generally. We believe that if Government policy was supportive of this concept, it would greatly enhance the ability of the IPOA to convince our members, and landlords generally, of the benefits of this nature of letting. For our part, our Leasing Agreements propose up to 20% reduction on the market rent that would be charged for a furnished short term letting, representing a significant saving to tenants, and echoing the IPOA's commitment to the proposal.

Rental Market Generally

There is a crisis in housing and the rental market generally. Landlords are leaving because it is no longer attractive due to the onerous charges applied by Government. The tax treatment of the sector – particularly whereby it is not generally considered as a business, but rather as “unearned income” – has made previously viable investments now unviable, and will ultimately result in the further reduction of rental units, together with more investors defaulting on loans. Because rental income is not considered as being earned income, direct and indirect taxation on the sector has blown out of all proportion in a most unfair way:

- * Reduction in Mortgage Interest Allowable to 75%
- * USC and PRSI on gross rental income
- * Household Charge (now abolished)
- * NPPR (payable in 2013 as well as LPT)
- * Local Property Tax
- * Water Charges
- * PRTB Registration Charges
- * No Refurbishment Relief
- * Building Energy Rating (of negligible benefit)

Taxation should be fair – and be seen to be fair.

Mortgage Interest Allowable

This should be restored to 100% with immediate effect. This measure has resulted in investors in a loss-making situation also having a liability for taxation. While some Buy-to-Let owners are currently experiencing historically low mortgage interest rates, some of these rates will inevitably increase, and the sector will continue to be burdened with increased taxes without the additional income needed to pay.

Buildings Energy Rating

By 2020, energy consumption must comply with Directive 2010/31/EU on the energy performance of buildings: "The existing and proposed measures listed by Member States may include, in particular, measures that aim to reduce existing legal and market barriers and encourage investments and/or other activities to increase the energy efficiency of new and existing buildings, thus potentially contributing to reducing energy poverty."

Any money spent on making a rental property more energy efficient should be allowable in the tax year it is spent, rather than as a capital expense. This would:

- encourage Investors to make their property more energy efficient
- reduce energy costs and benefit tenants
- help create employment with consequent tax payments
- reduce carbon emissions and help achieve 2020 target.

Local Property Tax

The taxes that are, and have been, introduced to fund local services should be levied on the user. The "user pays" principle is the fairest system, with waivers available in certain circumstances. If users are not levied directly, these are legitimate rental expenses and should be allowable as such. As Minister for Finance, you have confirmed that the Local Property Tax will be an allowable expense, but you have shelved the implementation of that promise. Can you follow through on that promise for 2014?

Rollover Relief

A reintroduction of Rollover Relief would help to stimulate the compliance of standards regulation, help improve energy efficiency and the re-employment of the building sector. This should be particularly focused on the private rental sector and would re-introduce a substantial amount of affordable accommodation currently being excluded from the market.

Refurbishment Relief

Good quality accommodation is required for the 20% of the population living in the private rental sector. Rental property needs to be refurbished regularly to maintain standards. Refurbishment Relief was withdrawn on the 31st July, 2008 (Section 11, Finance Act 2006) and should be reinstated with clear guidelines.

As the representative body for owners of private rental properties, the IPOA ask that real action be taken on these simple measures to help this sector. These proposals are not costly measures, but will help ensure the continuation of good quality rental accommodation in the future as the country seeks to recover its economy and address society's needs. We are available to discuss these ideas further with you or your officials.

Yours sincerely,

Stephen Faughnan
Chairman

Home Renovation Incentive

The Home Renovation Incentive (HRI) has been extended to include Landlords who are subject to income tax. It will apply to repairs, renovations or improvements to rental properties carried out on or after 15th October 2014. This is something that the IPOA requested and lobbied for, and will help landlords to renovate their property. The Incentive provides for tax relief by way of an Income Tax credit at 13.5% of qualifying expenditure on repair, renovation or improvement works carried out on a main home or rental property by qualifying Contractors. Qualifying expenditure is expenditure subject to the 13.5% VAT rate. The works must cost a minimum of €4,405 (before VAT) per property, which will attract a credit of €595. Where the cost of the works exceeds €30,000 (before VAT) per property, a maximum credit of €4,050 will apply. The credit is payable over the two years following the year in



which the work is carried out and paid for. The first year for HRI tax credits is 2015 for Homeowners and 2016 for Landlords.

The works must be carried out on or after 25 October 2013 and up to 31 December 2015 for Homeowners. and on or after 15 October 2014 and up to 31 December 2015 for Landlords. 2013 payments, made between 25 October 2013 and 31 December 2013, are treated as 2014 payments for homeowners. 2014 payments, made between 15 October 2014 and 31 December 2014, are treated as 2015 payments for landlords. Homeowners or Landlords must be Local Property Tax and Household Charge compliant in order to qualify under the Incentive. Landlords must also have complied with the PRTB's registration requirements. Contractors must be VAT and RCT registered and tax compliant in order to qualify to carry out works under the HRI. The Incentive will be administered through Revenue HRI online. All works, payments and claims will be entered onto HRI online. www.revenue.ie/en/tax/it/reliefs/hri/index.html

IPOA Digest

Although rents have risen rapidly throughout the country and particularly in Dublin in the past 12 months, they are still not where they were a couple of years ago. There was a collapse in the rental market similar to the collapse of housing values. As the economy is being restored, rents are going up again, although they are still not back where they were a couple of years ago. There is not a shred of evidence to support the Deputy's theory that rising rents are connected to NAMA's policy of selling assets, which it is required to do. The problem is there is a lack of supply which sometimes is connected to regulation. One of the issues to which one can point is the regulation introduced some years ago that all apartments or flats should have en-suite facilities. This compares to the bedsit arrangements where there was a bathroom in the corridor that served two or three bedsits. That took 5,000 bedsits out of commission as they could no longer be rented.

That is why I extended the HRI to landlords. I am allowing them to restore bedsits that are out of commission by carrying out the work needed to provide en-suite facilities, thereby enabling them to abide by the regulation. It is a supply side problem. When an economy that had been sinking begins to rise – Michael Noonan TD, Minister for Finance

* Dublin City Council is now actively patrolling the capital's Pre 63 properties and closing down that traditional "last resort" of renters before the street – the dingy one room flat which shares a bathroom. While the objective is admirable, the inevitable effect in a time of shortage is that hundreds of the cheapest rental units in the city have suddenly been removed from an under supplied market. And the bedsit is the second from bottom rental rung before the hostel – Irish Independent.

* Rental accommodation standards have dropped significantly over time. Dublin City Council inspections of accommodation found that well over 90% of inner city flats failed to reach basic standards. HAP should not support landlords who are renting sub-standard accommodation. It might not always be possible to inspect prior to agreeing a tenancy but it should be done as soon as possible. Two months is a fair timescale for that – Des-sie Ellis TD (SF, Dublin North-West).

* The State will continue to have a substantial proportion of rented properties, estimated at approximately 33%, whether through HAP or through long-term Rent Supplement. However, the main focus of any rental limit review process must be to ensure that pricing of maximum rental limits does not distort the market, while at the same time providing opportunities for tenants to acquire accommodation. The current policy for maximum rental limits is an 18 month cycle. The timing represents a balance between the rental arrangements of tenants, as tenancy agreements normally are for approximately one year, and the need to ensure sufficient reviews to keep apace of the market. A shorter period would place a significant degree of ongoing pressure to change rental agreements mid-agreement on tenants and landlords alike. It must be remembered that rents can increase as well as decrease, and reviewing maximum rental limits on a quarterly basis would not allow the market any time to adjust naturally to the imposition of new limits, therefore distorting the natural market rent level – Jan O'Sullivan TD, former Minister for Housing.

* The fact that 33% of rental properties involve people who basically should have social housing is a scandal in its own right. People are being abandoned to the market, as that will be the only option available to them. It is not a home but is somebody else's property. Has a business case been con-

ducted on the amount of money that will be expended by the State on rental properties into the foreseeable future, and on what would be the return, were there to be a major programme of building, even in the context of mixed development in which there were properties for sale as well as homes to let? – Catherine Murphy TD (Independent, Kildare North).

* I would prefer Rent Controls because the sector could be more adequately served – Joan Collins TD (PBP, Dublin South-Central).

* I imagine the Minister for Finance would be more than a little agitated by virtue of any proposal for Rent Control because of the inevitable consequences this would have in the BTL market which is experiencing significant problems at present – Seán Ó Fearghail (FF, Kildare South).

* Where landlords who are in arrangements with the local authority through the HAP scheme decide, as they undoubtedly will on a regular basis, to pull out of those arrangements for whatever reason, the local authority will be overwhelmed with tenants to whom it has an obligation, but who it simply has no means to house. All the evidence points towards reliance on private landlords who are jacking up rents and running away from arrangements with local authorities and who have made it clear they have no interest in housing people on low incomes – Richard Boyd Barrett (PBP, Dun Laoghaire).

* What landlord will go into the HAP when they already have the RAS? Landlords are pulling out of the RAS anyway – Joan Collins TD (PBP, Dublin South-Central).

* The private landlord class in this country is motivated by profit, not by housing social tenants. At the moment, private landlords have absolutely no interest in taking on HAP, RAS, or any other acronymic scheme. That is because there is a lucrative queue of people elsewhere who are not on social welfare and who can outbid for rent – Ruth Coppinger (Socialist, Dublin West).

* We are not moving towards reliance on private landlords. We are actually reforming the system for people who are already, at least temporarily, reliant on private landlords because of the shortage of supply. This is not moving a pile of people into a private landlord situation. It is addressing the existing situation, which is that people are living in houses owned by private landlord – Jan O'Sullivan TD, former Minister for Housing.

* Whether it is tied to inflation or the cost of living, we must develop a mechanism for Rent Control. It is done in other European countries – Des-sie Ellis TD (SF, Dublin North-West).

* Rent Control, an issue that can and should be considered very quickly so as to address a major problem in this city and, as far as I know, other locations on the island where private landlords are creaming it – Aengus Ó Snodaigh TD (SF, Dublin South-Central).

* Investors are not the enemy. If anything, we need more rather than fewer landlords to come forward and supply rental properties. The real problem is that we do not have enough houses to accommodate our population. As such, we are trapped in a zero-sum game; on one hand, we need more rental properties, but we also need more homes for owner-occupiers. These objectives simply cannot be reconciled without building additional units. Ultimately, when it comes to solving our housing problems, all roads lead back to supply – Irish Independent.