

For Immediate Release
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Government policy is directly to blame for the current shortage of accommodation in Ireland.

Successive Governments have piled on unfair taxes and unnecessary legislation in spite of constant outlining of the consequences for the private rental sector. "Just how can landlords absorb tax hikes (very often based on net rental income losses) that have been foisted on the sector, and then when the rents rise as a direct consequence, landlords are to blame" asks Stephen Faughnan, Chairman of the Irish Property Owners Association. "Certain TD'S and Senators tend to complain bitterly week after week about the crisis in the sector, but their comments are heavily biased on the perspective of one side, namely tenants. It appears they just want to be heard speaking, but they very rarely take cognisance of the clear and proven fact that rental properties are a business that has to provide a return. Landlords are not charitable bodies - far from it - and politicians and others need to remember that a viable rental market requires landlords as well as tenants." He added that until politicians listen to both sides, "tenants will continue to suffer the neglect evident in Government inaction."

The cost of providing rental accommodation has increased by between 20 and 26%. Some legitimate expenses are not allowable as expenses and tax can be charged on money that is paid out. In the private rental sector, tax can be owed in a loss making situation. 25% of interest paid on the money borrowed is not allowable compared to all interest being allowable on commercial property. Commercial Investors are treated more favourably in tax law than residential investors. It appears that homes for people are less important. Traditional bedsits have been outlawed, reducing the number of homes available. It is now illegal to let a bedsit with a designated bathroom, solely for the unit, outside the door of the unit. "It is unconscionable that the Government forced the closure of these properties without putting alternative accommodation in place, causing homelessness," said Mr Faughnan. "A stroke of a pen by the Minister can change this situation and immediately increase the amount of accommodation available."

Mr Faughnan also described the Residential Tenancies Act 2004 as not fit for purpose, because it allows tenants to remain in properties for up to a year without paying rent. "65% of landlords have one property, 17% have two," he noted, "and we now have a situation that is causing investors to leave the market." He outlined official figures that show 30% of landlords' intent to sell, 70% of landlords have loans, and 71% of those have insufficient income from the rental property to pay their loan. "In a situation where the investor owns the property without a loan, circa 62% of the money paid by the tenant for rent goes straight back to the Government, he said, "On rent of €1,000 a month, the tenant is paying €620 in various taxes, and the rest goes to the landlord to insure, manage, and maintain the property, never mind make a reasonable profit on then investment.!

With the current tax treatment, letting property is unsustainable and the result is less property available, and more investors leaving the sector.

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