

Wednesday 24th March, 2021

RENT INFLATION - IPAV SAYS THE BUILDING OF MORE HOMES IS THE ANSWER

Responding to the Residential Tenancies Board (RTB) rent index for Q4 2020 published today (Wednesday) IPAV, the Institute of Professional Auctioneers & Valuers, said with rents staying inflated it remains much more expensive to rent than service a mortgage on a home, if only those on average wages could acquire a property.

Pat Davitt, IPAV Chief Executive said that piecemeal legislative interventions over recent years, including Rent Pressure Zone regulation, has served to keep rents elevated rather than tapering them.

“The 4pc annual increase allowable became a target for landlords willing to charge lower than market rents who felt compelled to rush through a closing gate fearing that if they did not do so they would be locked into low rents into the future.

“Onerous regulation that has left private landlords in a deeply more unequal tax position by comparison with commercial landlords and disadvantaged in any ability to deal with irresponsible tenants has been largely responsible for the exit of 46,264 private landlords from the market since 2012,” he said.

Mr Davitt said while RPZ legislation is in place it is hard to credit the rationale for continuing to allow new properties to remain outside of the RPZ legislation on first lettings.

“Second and subsequent lettings of such properties were brought within the regulation late, in July 2019,” he said.

And he said the RPZ legislation is widely acknowledged to have been badly drafted from the start and there have been so many amending bills that it is now very confusing.

“An interpreting industry has had to be built around it. An increasing number of disputes are extremely complicated to unravel and hearings can take an undue length of time to resolve,” he said.

He welcomed recent comments from Minister for Housing Darragh O’Brien TD, to the effect that he is considering dispensing with the current Rent Pressure Zone (RPZ) legislation and replacing it with something better.

Mr Davitt said the Minister should consider abolishing the RTB Acts altogether.

“The answer to the rental crisis is to build more homes. The Minister should be prioritising getting rid of impediments to home building,” he said.

And he said the Government should set up, without delay, the promised Commission on Housing.

Ends