

Friday 18th November 2021

Sunday Independent only

Tenancies Of Unlimited Duration To Exacerbate The Flight Of Private Landlords From The Market – IPAV Warns

“Lack of action by the State to address social housing has by default and without formal acknowledgement outsourced such provision to private landlords and they are extricating themselves from a role they never expected to find themselves in “ – Pat Davitt

New legislation currently going through the Dáil to introduce tenancies of unlimited duration, ending the Part 4 provision whereby tenancies could expire after six years, will exacerbate the flight of private landlords from the market, according to IPAV, the Institute of Professional Auctioneers & Valuers.

Pat Davitt, IPAV’s Chief Executive said: “This aspect of the legislation, along with much of housing policy over the last number of years, is being formed on the basis of the amount of rage that can be generated about landlords on the back of inadequate research and understanding of the realities of the marketplace.”

He said three years ago IPAV identified, for the first time, the flight of the private landlord from the market, finding they were leaving at the rate of two exiting for every one entering, and for the reasons of high taxes, onerous regulation and irresponsible tenants.

“The research was treated with derision in certain quarters. But now we have organisations representing homeless people calling for equal treatment for private landlords with commercial landlords, to stem the flow which is having the consequence of more vulnerable tenants in particular falling into homelessness,” he said.

Mr Davitt said this week’s new CSO Rental Sector in Ireland Report, with its finding that more than half, 50.5pc, of landlords had a rental income of less than €10,000 in 2019, took many by surprise.

“However it was no surprise to our members who know it only too well,” he said.

“That report fills a major knowledge gap in the market but it is coming too late to influence policy on private landlords. From a policy perspective such landlords are expendable and the legislation currently going through the Dáil reinforces that.”

He said rental data published on a regular basis by the RTB captures only rental levels of agreements reached in the preceding three month period.

“Unfortunately it is widely commentated upon as if it represented the entire quantum of rents being charged, and the Government has been lobbied strongly for, and has acceded to, calls for increased rental measures on the basis of this limited data. The fact of the matter is there is no published data, official or otherwise, at this point that can tell anyone what the average rent actually being paid currently by renters, for any particular type of property in Ireland is. ”

He also said the “crude and improperly researched way in which Rent Pressure Zone legislation was introduced” resulted in private landlords who didn’t rush to increase their rents to full market rate as legislation was introduced, largely to retain good tenants, now finding themselves severely disadvantaged by comparison with those who did.

“If they are not now exiting the market they find themselves tied into perennial low rental income, which impacts the value of their properties and which may ultimately result in their not having the resources to maintain those properties to a desirable standard over time, creating the slum properties of the future. “

He warned that when lenders begin to realise such properties may be worth as much as half of what the market value is, it will likely lead to more forced sales.

“Private landlords find themselves subsidising rents for tenants, a role that should be the responsibility of Government, not private landlords,” he said. “Lack of action by the State to address social housing has by default and without formal acknowledgement outsourced such provision to private landlords and they are extricating themselves from a role they never expected to find themselves in.”

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