

Tuesday 27<sup>th</sup> September, 2022

## **IPAV and IPOA - Budget Inaction to Accelerate Exit of Small Landlords**

In a joint statement IPAV, the Institute of Professional Auctioneers & Valuers, and IPOA, Irish Property Owners' Association said it was deeply disappointing and discouraging for small landlords as only very minor measures were included in today's Budget and these will not meaningfully help mitigate the severe burden they are forced to carry in high taxes and very onerous regulation.

As a result the flow of such landlords from the market will continue they predict, noting that recent Residential Tenancies Board figures show the numbers exiting the market have doubled over the last 12 months.

Pat Davitt, IPAV Chief Executive said it was an issue his organisation has been warning about for several years at this stage. "The situation is dire, with a plethora of further regulations this year contributing to the acceleration the RTB is now seeing," he said.

The number of termination notices received by the RTB in the first half of this year rose by 58pc compared with the latter half of 2021.

Mary Conway, IPOA Chairperson said that the measures introduced today will have no impact on the alarming exodus of small landlords. "While measures in Budget 2023 to facilitate pre-letting arrangements and retro-fitting by small landlords are welcome, they have no bearing on the fundamental problem that taxation and regulation are causing it to be unsustainable for many small landlords to remain in the market.

"The current situation with the supply of rental accommodation in Ireland is at crisis levels that require bold action. The Government will need to re-examine this issue very soon and urgently provide meaningful support for non-institutional landlords."

In May IPAV and IPOA commissioned a study by economist Jim Power that concluded the rental market is in a state of crisis exacerbated with the exit of non-institutional landlords in significant numbers, reducing supply and putting upward pressure on rents.

The study found, amongst other issues, that:

- **The constantly changing and very challenging regulatory and taxation environment that treats private landlords very differently from institutional landlords, is largely responsible for private non-institutional landlords leaving the market;**
- **RPZs (Rent Pressure Zones) are creating a 2-tier rental market and leading to a situation where maintenance of quality accommodation is not economically justifiable and negatively impacting on capital values where the property is the subject of the RPZ rules;**

- **It is likely that landlords that historically charged rents under market rate and are confined to minimal increases arising from RPZ regulation are exiting the market in greatest numbers;**
- **These landlords are replaced in the market in part by new properties at much higher rents and owned by institutional landlords with no evidence available to confirm if any net additional new properties have come onto the rental system;**
- **Rent Pressure Zone regulation has prevented rents from falling as well as rising beyond the limits set.**

Ends