



# RENTAL MARKET SOLUTIONS

*Steps to a functioning rental market*



## About us

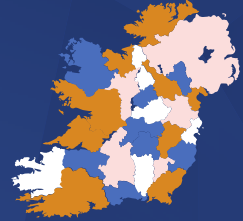
IPAV is the representative professional body for qualified, licensed auctioneers, valuers and estate agents throughout Ireland. We are the administrators of the blue book European valuations standards in Ireland.



**6,000 +**  
Property Service  
Providers



**25,000 +**  
Employees



**Presence**  
in every county

## PRIMARY OBJECTIVES

- Promoting professional standards within the industry
- Fostering relations between members
- Providing training, education and support
- Working with policymakers to influence the development of a sustainable property market where people can buy, sell or rent properties according to their needs



# Rental Market Solutions

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### RENT FLEXIBILITY – RPZ Adjustment

Under Rent Pressure Zone (RPZ) legislation, when a tenant leaves a property of their own volition, the property must then be re-rented under RPZ restrictions, even if the rent is substantially below market level. The owner is only permitted to re-rent the property at market rate in two scenarios – firstly, by withdrawing the property from the market for a 2-year period, or secondly if substantial refurbishment or renovation of the property is undertaken, which would require it to be vacated for that purpose.

**IPAV proposes that Government should amend the RPZ rules to allow landlords charge market rent for properties, where tenants leave of their own volition. This would encourage landlords to re-rent properties rather than lose this rental stock. It would also encourage better maintenance of the property, making it a more viable financial proposition for property owners.**

### INCENTIVISE LANDLORDS TO RETAIN THEIR RENTAL PROPERTIES

Property owners who prior to the introduction of RPZ legislation (2016), retained tenants on lower rents than the market rate, because they were happy with the particular tenant, now find themselves unfairly and disproportionately disadvantaged. These landlords have, in effect, been subsidising tenants rents in many cases by 50pc+ of the market rate. Consequently, they are now forced to sell because their cost base exceeds the rent received from the property.

The capital value of the property is also impacted. The investment value of a property is determined by the rent received and the yield the return provides. This could mean a 50pc+ reduction in the capital value of the property. As a result, impacted landlords are forced to seek vacant possession of the property in order to realise the full market value of the asset. With this brings the termination of tenancies, an action no landlord wishes to adopt.

**To retain landlords in the rental market, IPAV proposes that if a landlord proves that the rent acquired on a property is, on percentage terms (tbd) lower than market rent, the Government would introduce a yearly tax-free credit of €6,000 of rental income or personal taxes for such landlords. To avail of such an incentive the property owner would be required to give an undertaking to retain the property in the rental system for a further three years. This measure would cost the Exchequer €3,000 in real terms, which represents a figure substantially lower than any potential re-housing costs to the State.**

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### **SAFEGUARD RENTS – HAP Amendments**

IPAV proposes that the Government should continue to pay the Local Authority portion of rent to landlords where HAP tenants stop paying their portion of the rent. This should prevail until the agreed rent is restored or until the landlord secures a new tenant.

### **AMEND THE PROVISIONS OF THE RTB LEGISLATION TO ACCOMMODATE PROPERTIES SUBJECT TO THE FAIR DEAL SCHEME**

Section 3 of the RTB legislation should be amended to facilitate the short-term rental of properties in the Fair Deal scheme, to recognise the special circumstances of this cohort of property owners. Such an amendment would remove the legal requirement on owners of the property to register with the RTB. This would enable executors, when carrying out the owners last wishes, to give a minimum amount of notice (90 to 150 days) to tenants to vacate the property.

The relevant Local Authority could enter into a license arrangement with the owner, encouraging many more Fair Deal property owners into the rental market. The rent on the relevant properties should then be paid in full to the owners, who in turn would discharge their taxation obligations.

### **RETAINING LANDLORDS**

IPAV proposes that the RTB engages with landlords leaving the property rental market to offer the aforementioned solutions to them.

### **ADDITIONAL MODULAR HOMES**

IPAV proposes the construction of additional modular homes, so that the delivery of 10,000 units is realised each year for the next 3 years.

### **VACANT HOMES**

IPAV proposes that targets are set for Local Authorities to return 25,000 homes to the rental market each year for the next 3 years. IPAV's Vacant Homes Report will help to inform and support this strategy.



# *The Voice of Auctioneers & Valuers in Ireland*

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