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IPAV 2020 Pre-Budget Submission

Improving the Functioning of the Property Market

September 2019

Institute of Professional Auctioneers & Valuers

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Paschal Donohoe TD
Minister for Finance & Public Expenditure and Reform
Department of Finance
Upper Merrion Street
Dublin 2
D02 R583

IPAV 2020 Pre-Budget Submission

Dear Minister,

On behalf of the Institute of Professional Auctioneers and Valuers (IPAV), representing over 1,300 Auctioneers and Valuers, I am delighted to enclose a copy of our 2020 Pre-Budget Submission for your consideration.

As always, IPAV welcomes the opportunity to meet with you to discuss any of our proposals.

Yours sincerely

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Pat Davitt FIPAV REV MMCEPI
CEO, IPAV

1. Foreword

Despite significant economic progress in recent years, many of the scars of the major 2007 – 2011 economic crisis remain in the Irish economy, including a high level of public debt. However, the economy had been making very good progress in recent years, with GDP rising by 6.7% in 2018. This high growth level has allowed the Government to build up the economy's fiscal resources by balancing the books in 2018 - the first time in a decade - reducing the national debt burden and establishing a 'Rainy Day' Fund.

One of the best indicators of economic growth is the unemployment rate. The Irish economy is now at virtual full employment.

However, that may all change dramatically in the event of a disorderly Brexit, which could happen as soon as 21 days after the October 8 Budget. The cost to the Irish economy of the UK's departure from the EU and the slowdown in global growth, in particular, pose significant risks. Already the Department of Finance has revised down its GDP growth forecast for 2019 from 4.2% to 3.9%. Over the medium term, a growth rate of around 2.5% is projected.

In his Summer Economic Statement (SES), published in June, the Minister for Finance and Public Expenditure & Reform, Paschal Donohoe, set out two budgetary scenarios, the first involved an orderly Brexit occurring, while the second involved a disorderly scenario. Since then, the election of Boris Johnson as British Prime Minister has made the latter scenario even more likely.

The Budget 2020 framework involves a budgetary package of €2.8 billion for 2020. In the event of an orderly Brexit, the budgetary policy is to stay within the parameters set out in the Stability Programme Update, published in April, targeting a surplus of 0.4% of GDP. However, under the disorderly Brexit scenario, this could involve a headline deficit in the region of -0.5% to -1.5% of GDP for 2020, depending on the magnitude of the economic shock.

It's understood the Government will decide in September, when additional information is available as to which is to become the central scenario underpinning the economic and fiscal forecasts for Budget 2020.

Clearly, a disorderly Brexit will have a major impact on all areas of the economy, including property. All the recent indications are that the rate of increase in house prices has eased, most notably in the capital, as has rent inflation.

There have been several estimates of the impact of a No-Deal on Ireland, but these are all very uncertain and imprecise exercises. For example, at the end of July, the Central Bank of Ireland in its Quarterly Report predicted 34,000 fewer jobs by the end of 2020 and 110,000 fewer jobs over the next ten years. It said: "A disorderly Brexit would present enormous challenges for the Irish economy, especially in the near term, and would result in a loss of output and employment compared to a scenario where the UK remained in the EU."

It also warned that a disorderly Brexit would dramatically reduce economic growth and make consumers and businesses spend less. There could be disruption at ports and airports, while Irish exports would be hit by a weak UK economy and a potentially large fall in the value of sterling.

Apart from Brexit, other risks to the economy include the possibility of the domestic economy overheating and a rolling-back of globalisation.

2. About IPAV

IPAV was established in 1971 as a representative professional body for qualified, Licensed Auctioneers, Estate Agents and Valuers. It is the only Irish representative body catering solely for the professional and educational requirements of Auctioneers and Valuers. IPAV currently has in excess of 1,300 members nationwide and one of its primary objectives is to protect, advance and promote professional standards and competence among its members.

IPAV operates a comprehensive system of professional education and development for existing members and for those wishing to enter the profession. IPAV introduced the international 'Blue Book' European valuation standards to Ireland in 2013. This is the standard recognised by the Irish Central Bank and the European Central Bank for which it holds default status in the event of any valuation conflict arising.

One of IPAV's aims is to work with other stakeholders and with policymakers to try and influence the development of a sustainable property market where people can buy, sell or rent properties according to their needs.

3. Housing Market

The current housing crisis continues to be primarily a supply-side problem and is not likely to be alleviated until enough houses are built to meet demand. Ultimately the only solution to the housing crisis is to build more houses at prices that people on average wages can afford to buy. Currently large numbers of people cannot afford to buy, and many builders cannot afford to build, a scenario that requires radical government action.

Estimates of the number of houses built in 2018 vary, depending on the source. The Central Statistics Office confirmed that more than 18,072 new houses were built in the year. Using data from building energy rating (BER) certificates, Goodbody's tracker found annual house completions at 18,855, up 31% in 2018 compared to the previous year, the largest output since 2009.

While most areas in the Republic experienced double-digit growth, the south-east saw house completions rise 49%, albeit from a low base. In greater Dublin, completions rose 33% to 7,404, with an additional 3,955 homes finished in the capital's commuter belt.

However, apartment completions remained low at just 13% of the total output. The coming years are likely to see that change, with planning applications for apartments up significantly. This is urgently needed as Ireland has the lowest share of apartments in its housing stock in the EU.

The vast majority of new homes built in Ireland over the last couple of years have been either estate houses or one-offs. The problem is the country needs a range of house types and models. The mismatch between the type of supply and the type of demand should dominate housing policy over the next five years, much as the mismatch between the scale of supply and demand should have dominated it over the last five.

In Dublin, for example, there needs to be a ramping up of apartment developments if the government is to get on top of the housing crisis. In a bid to increase apartment building in the capital and reduce costs, the Minister for Housing, Planning & Local Government announced new guidelines around apartment developments, and these have helped. However, much more needs to be done.

The property market is currently suffering from a loss of confidence, as evidenced in both Dublin and throughout the country. The traditional expectation that following the sale of a property, the subsequent sale of a similar property will achieve a slightly better price, does not currently exist amongst agents. The natural flow of purchasers who would normally be able to trade-up, has practically dried up as the decline in prices available for second-hand properties is leaving the gap too large for many would-be purchasers of new houses to make the move. This situation poses a serious obstruction to market activity and IPAV believes that many of the new housing schemes being built will have to reduce their prices or be prepared to wait some time before they sell. Eventually, this scenario will prevent new housing being built for this type of purchaser.

Various estimates put the number of expected home completions for 2019 at around 22,000 but that comes after Goodbody, for example, has estimated demand to be at 38,000 units. IPAV is of the opinion, following discussions with its members, that the figure will be shy of 20,000.

One of the major factors preventing people from buying houses and builders from building them continues to be the issue of building costs. Irish construction costs are mysteriously high. Trinity College economist Ronan Lyons estimates the costs in Ireland at 40% higher than Amsterdam, for example. The costs are at the same level, or even higher, as they were during the boom. This is even though building site prices in some areas are only a fraction of what they were in 2007 and in most areas less than half of what they were in 2007. Red tape, planning issues, local authority charges and suspected cartels among materials suppliers could be partly to blame. This disparity between costs and prices explains to a great extent why supply is not growing to meet the increasing demand.

As an example; a new 3-bedroom, A-rated semi-detached property could cost €190,000 in Clare, €185,000 in Donegal, €260,000 in Mullingar and €350,000 in Dublin. One has to ask why such disparity in prices exists? Is it the availability of finance? If so, what does it say about building material costs in varying country areas?

A number of recent reports have shown that the skills shortage in the construction sector is blamed as a leading cause of wage inflation, which is driving up costs for construction companies. In addition, access to the cost of finance for residential schemes remains a significant challenge and is a substantial factor increasing development costs. Recent reports have found that it is still extremely challenging for builders to construct apartments in urban centres, while suburban housing developments or housing estates were found to be marginally viable.

In a country where the average household income is close to €50,000, it should not cost more than €150,000 to build a home. However, currently developers cannot remotely meet this price. IPAV, as it has over the past 5 years, continues to urge that the Government set up an immediate investigation into the cost of construction with a view to reducing costs.

What is needed here is a simple price/cost study or index that would identify and monitor the cost of all inputs - materials, labour, planning, regulation, land pricing, levies and VAT - all that's required to build a 3-bedroom semi-detached home of 1,150 sq. feet. This should be tracked on a monthly basis.

The reliable data available indicates that Ireland has sufficient zoned land to meet its needs with the last annual Housing Land Availability Survey showing there is enough zoned land to provide for a population of over six million people, well in excess of the country's current needs. The sourcing of land is therefore not the issue but its preparation for house construction is. IPAV is concerned that local authorities continue to impose extremely high levies on new house construction at a time when such construction is needed to meet housing demand and rents are rising to record levels.

4. Creation of a National Property Advisory Council

IPAV has long advocated for the creation of a National Property Advisory Council and again, is of the strong opinion there is an existing need to put a broad spectrum National Advisory Council on a formal setting. This would supplement the work of the existing Housing Agency in helping to pool the divergent elements and garner its collective expertise to help inform the future of the industry in Ireland. This Advisory Council which would be Government-led, would comprise experts from a variety of different fields across the sector. It would provide regular reports and advice on issues such as planning, density levels, building standards, supply/demand issues, building costs, property prices and the rental market.

Crucially, it would have a strong propensity to guard against solo runs or knee-jerk reactions that may address one or two urgent problems but fail to address the medium and long-term sustainability issues of the Irish property market.

5. Vacant Site Levy

IPAV was to the forefront in advocating the introduction of a Vacant Site levy. Under the terms of the new *Urban Regeneration and Housing Act, 2015,* from 1 January 2019, planning authorities are empowered to apply an annual vacant site levy of 3 per cent to the market value of vacant sites which a planning authority has determined were vacant or idle in the preceding year. The levy will increase to 7 per cent for subsequent years.

It was originally hoped that the threat of the levy would kick-start development in many parts of the country and assist in tackling the housing crisis, but as *RTÉ Investigates - Land of Hope & Homeless* reported in December 2018, only 10 local authorities were then in a position to impose the levy, with as few as 140 sites registered to be fined.

A Freedom of Information request showed the main reason local authorities were not in a position to apply the levy was because of significant administrative difficulties in implementing the legislation, which introduces it (the Urban Regeneration and Housing Act, 2015). Another issue cited by local authorities for listing sites on their registers, was an inability to establish land ownership.

In response to a parliamentary question in the Dáil last June, Housing Minister Eoghan Murphy said that there are now around 360 sites on registers around the country, with 120 of these subject to the levy this year. This figure appears extremely low and the Government needs to urgently address the reasons for this, especially in Dublin and other cities where the bottlenecks are creating housing shortages.

6. Reduction in VAT

IPAV has long supported the view put forward by many in the construction sector that a reduction in VAT is another essential ingredient in helping to reduce the price of new homes. In the context of the current mortgage lending rules, the cost price rather than tax rebates determines whether a person can qualify for a mortgage. There is currently no VAT on housing in the UK and Northern Ireland. IPAV believes that such is the seriousness of the housing crisis that the Irish Government should aspire towards this objective too, if housing is to be made affordable while adhering to mortgage lending rules but with some adjustments.

In the meantime, VAT should be reduced to the lower 9% rate in Budget 2020 to be reviewed after a two-year period. The total tax-take on a new house is estimated to be somewhere in the region of 40-45% of the price of the property. All such charges are paid in full by the house-buyer and are impacting affordability. Aspiring buyers struggling to meet the Central Bank rules must borrow this VAT money from lenders as part of their loan and pay interest on those borrowings over the life time of the mortgage.

7. The Planning Process

Slow and expensive planning procedures with much red tape attached have long been identified by the property industry as a major problem impeding housing supply in Ireland. The introduction of more streamlined processes and a fast-track planning option for large estates by former Housing Minister, Simon Coveney, has gone some of the way to tackling these. While welcoming the reforms contained in *Rebuilding Ireland* (p. 63 & 64), IPAV believes further and more radical measures are necessary.

IPAV also welcomed the signing into law on 27 July 2017, by Housing Minister Eoghan Murphy of two statutory instruments, arising from the emergency Planning and Development (Amendment) Act 2017. These brought into operation new planning legislation providing, in specified circumstances, for further extensions of duration of planning permissions for certain developments of 20 houses or more. This will ensure that several projects can be brought to completion.

A major hindrance to building is third party objections to planning applications which are unusually common in Ireland. Ireland is virtually unique in Europe in allowing a system of third-party objections to planning. As a result, it now takes an average of 79 weeks from the initial planning application to the commencement of construction, an inordinate amount of time. And it is perverse, given current and projected demand for housing.

By any measure, the Irish planning regime needs to radically change including becoming more flexible in order to fast track the process of converting existing buildings to family homes or changing the planning from apartments to family homes.

8. Central Bank of Ireland Mortgage Rules

The main impediment for young people and first-time buyers on low incomes in accessing new homes arises from the Central Bank of Ireland (CBI) mortgage lending rules.

The measures introduced under Section 48 of the Central Bank (Supervision and Enforcement) Act 2013 are designed to work on two levels, one restricting loan to value so that a bigger deposit is sought and the second restricting the loan to income to 3.5 times gross income.

In November 2017 following a review, the CBI made some minor changes to the rules which came into effect from 1 January 2018. However, the core elements that most first-time buyers (FTBs) can generally borrow up to 90% of the value of a property, with a limit of 3.5 times their incomes, remains. House-price inflation in Dublin peaked at 13 per cent last April, but has been in decline ever since, and now stands at just 0.6 per cent. Between early 2015 and mid-2018, house prices rose much faster than earnings. Consequently, the CBI's loan-to-income limit has become increasingly relevant, choking off inflation.

While keenly aware of the need for reasonable guidelines so as to avoid the development of another boom to bust in house prices, IPAV believes that Budget 2020 should seek to loosen the 3.5 times requirement, particularly for houses in the Greater Dublin Area. We also believe for people on incomes up to €30,000 - €40,000 it is practically impossible for them to buy any form of property even though they can well afford to. There are properties available which those in this income bracket could afford but under the Central Bank rules they can only purchase a property in the range €105k - 140k. The most recent IPAV property barometer covering the first six months of 2019 shows there are very limited areas in which such properties are available. If this income cohort were allowed to borrow 4.5 times income they could have a lot more choice to suit their needs. This would have the added advantage of freeing up more rental accommodation to others aspiring to rent. The obvious answer to any concern around affordability is the introduction by lenders of 10-15 year fixed interest mortgages, providing stability for all parties involved.

Currently aspiring house buyers are being forced into the rental market where rents in most parts of the country are substantially higher, in some cases, almost double, what mortgage repayments would be for similar accommodation. It is our view that the Central Bank rules, introduced in 2015, came too early in the property cycle, depriving aspiring first-time buyers in particular from buying homes when they were at more affordable prices. It also created a more appealing market for cash and institutional investors. Such fundamental changes will impact our society for years to come.

9. Home Building Finance Ireland (HBFI)

The ongoing non-availability of appropriate development finance for commercially viable residential projects has been identified as a key contributory factor in the ongoing shortfall in residential supply. While the pillar banks are returning to providing senior debt finance for residential development, the number of active lenders in Ireland has reduced from 12 a decade ago to three today. The appetite among these remaining banks in funding residential development is substantially more risk averse since the financial crisis which was preceded by unsustainable and reckless lending seen in the period leading up to 2008. While a few alternative lenders have entered the Irish market to satisfy some of the excess demand, it is estimated that the scale of provision by both the banks and these lenders continues to be well below that required to fund the estimated 15,000 to 20,000 annual shortfall.

Several recently introduced Government-backed schemes including the Help-to-Buy grant and the Home Loan scheme have helped to get more people onto the property ladder but there is still a huge lack of housing finance at reasonable cost.

HBFI (Home Building Finance Ireland) has €750m to loan to small and medium-sized builders/developers and it is hoped to provide 7,500 units over a five-year period. However, the rate of interest being charged is between 5% and 8%, depending on the risk profile of the project and is extremely high when compared to the extremely low rates – close to zero per cent - at which banks can borrow funds.

After a very lengthy incubation period HBFI finally got off the ground in 2019. Recent enquires by IPAV confirm that a small number of applications have now been approved, involving 228 units. Majority interest in the fund would appear to be from smaller local and regional builders, as was the stated purpose of the scheme. However we would question how effective it can be with interest rates of 8%.

There should, we believe, be a two-fold effect through this scheme, the first making finance available to small builders who are finding it difficult and largely impossible to source finance, and the second, making finance cheap enough to encourage more SME builders and not to add unreasonably to what the buyer has to pay in the current difficult market.

10. Help-To-Buy Scheme

The Help-To-Buy scheme announced in Budget 2017 is an incentive for First-Time Buyers. It provides for a refund of Income Tax and DIRT paid over the previous four tax years, limited to a maximum of 5% of the purchase price of a home up to a value of €500,000. The refund is capped at €20,000.

The scheme is due to end on 31 December 2019, however IPAV recommends that it be extended for a further two-year period in Budget 2020. Additionally, IPAV believes the scheme has great merit and has helped many get onto the property ladder. However, to help an ailing second-hand market, and encourage a more natural movement in the market, IPAV believes this incentive should also be extended to include second-hand homes.

11. Enhancing the Environment

Today there is an onus on all sectors of society to play a role in protecting the environment. IPAV is keen to play its part. Increasing emphasis is being placed on the BER ratings of properties both for sale and for rent. As part of making the public more conscious of the importance of BER ratings, IPAV is proposing that when property sale prices are published on the website of the Property Services Regulatory Authority, they should also show the BER rating of the property so that people can see the difference in price when a higher rating is achieved. This would be a simple step which would make a significant contribution to enhancing the environment.

Furthermore, IPAV does not believe Local Authorities are the correct bodies to issue the relevant certificates and instead responsibility should be transferred to the Sustainable Energy Authority of Ireland (SEAI) which is the body charged with responsibility in the whole energy area. SEAI supervises the issuing of BER certificates, it would be appropriate that it should also be charged with the responsibility of making sure all properties have a BER certificate before they are advertised for sale or for rent.

12. eConveyancing

Electronic conveyancing, or eConveyancing, is heralded as the future for conveyancing and title registration of land and property in many countries throughout the world. eConveyancing involves paperless transactions through all stages of the conveyancing process from pre-sale to post-completion of the buying and selling transaction. It is designed to simplify, reduce costs and speed up the conveyancing process.

From a survey of IPAV members, the average time for conveyancing, the legal work involved in buying and selling properties in Ireland is 22 weeks. Home buyers and sellers continue to face inordinate delays, frustrations with added costs, especially where they may be gazumped or indeed gazundered.

The current conveyancing system is an old, traditional, cumbersome and paper-based process, which does not serve Ireland or its citizens well. Electronic conveyancing or eConveyancing, is a long-accepted practice in other countries and a far more efficient means of legally transacting property. The Law Society of Ireland has stated that a new e-conveyancing system could reduce the total transaction time to as little as five days.

The introduction of e-conveyancing was called for in the Government's *Construction 2020* document, which noted that conveyancing remains "largely paper-based" and takes a "disproportionate" amount of time to transfer title. IPAV is aware that the Department of Justice and Equality has embarked upon a review and consultation process on eConveyancing and that this work is continuing, albeit at a very slow pace.

IPAV believes a new approach is needed which would be jointly spearheaded and operated by stakeholders including the Government, (through the Property Registration Authority) and the Law Society. IPAV believes the Property Registration Authority should take the lead on the initiative as a matter of urgency. All parties - Auctioneers, Banks, Solicitors and Mortgage Companies - could and should feed into the PRA process. The Government should licence Conveyancers nationwide to link into the process.

13. Rental Sector

There is no doubt that a fully functioning and efficient private rented sector is an essential component of the housing mix in any economy. In recent years the country has experienced a huge growth in the rental sector with more than a third of the population now lives in rented accommodation. The latest figures from the Residential Tenancies Board (RTB) show the number of tenancies registered by private landlords fell by nearly 6,000, or 1.8pc, to 307,348 in 2018. This is likely to be just the tip of an iceberg and will almost certainly have worsened in 2019.

Unfortunately, homeownership rates in Ireland are falling from the high levels of over 80% to 70% today and could be expected to drop to 60% in 10 years' time, unless current policy changes. The personal wealth that home ownership has engendered in the past for Irish families, delivering choice at pension age or when their families inherit, will slowly but surely erode with wealth passing instead to Vulture funds and other institutional purchasers of developments.

The question that will eventually arise, unless the decline in home ownership is addressed is, how will non-property owners continue to pay rent for their properties at pension age while having little means other than the state pension of €250 per week? The pensioners of tomorrow could be the new homeless with their rent levels determined in the board rooms of investment funds around the world.

The private rented sector today provides housing for a wide range of households, including those who traditionally would have had their needs met by the State through social housing. More recently as a result of legacy issues and the financial downturn between 2007 and 2014 in the home ownership sector, the private rented sector is accommodating those households who have lost their homes. Others relying on the private rented sector include students as well as individuals and households who choose to rent by choice.

Traditionally, investors in the residential property market expected to get in return a combination of capital appreciation and a rental yield, which was sufficient to cover the cost of their investments. However, for property investments leveraged through a mortgage, repayments can add significantly to total operating costs, particularly and more recently for investors switching to principal and interest repayments following, typically, ten years of interest only. A clearly worrying finding in the DKM 2014 report was that almost a third (29%) of landlords intended to sell their properties as soon as they could. This is particularly the case with more recent landlords, 36% of whom intended to sell as soon as they could. IPAV believes the crisis in the rental sector will worsen in 2020, unless a number of radical actions are taken: These should include:

A review and the ultimate replacement of the Residential Tenancies Act 2004 as amended in 2009, 2014, 2018 and 2019. It is an extremely complex and a poorly drafted piece of legislation and far too complex for landlords and tenants to operate without copious information seminars and other assistance with regard to interpretations. Indeed the Minister for Housing has felt compelled to bring in new regulations to interpret and define the intent of earlier legislation. The complexity has spawned a whole new interpretation industry and engaged much public sector and voluntary agency engagement.

The introduction of Rent Pressure Zones (RPZs) nationwide: Recent changes in the way in which average national rent is calculated has seen an increase in the number of RPZs. However, this is leading to confusion among landlords, tenants and estate agents. IPAV believes the entire country should form a single RPZ for a two-year period with all rents being allowed to reach current market rates, if landlords so wish, but should be subject to a 2% increase per annum rather than the current 4%.

Some commentators maintain this would lead to many more rent increases. However there is absolutely no evidence to support this theory. On the contrary very many landlords who could have charged market rent prior to the introduction of RPZs did not implement such rent increases. More often where a good landlord and tenant relationship existed, the rent tended to remain the same throughout the tenancy. Had such landlords charged market rent in the past, they would not now be treated so unfairly under the RPZ system that currently exists.

If landlords generally had charged market rent this current problem would not have arisen. Instead, the reality of the rental marketplace is that some landlords can charge market rent, while others are excluded from doing so. For those who cannot charge market rent, by law, they must accept, in some cases a rental income that is up to 50% lower than market rent. This percentage is increasing every year, as the 4% annual increase allowed on market rented properties is much larger than those rented below the market rent. This again is causing confusion in the marketplace and significantly, is acting as a serious impediment for many landlords who have considered entering longer rental terms; If a landlord wishes to sell a property with a long term lease in place, the correct yield that the property could produce is not in place. Consequently the situation is seriously impacting property values.

The introduction of realistic tax incentives for private landlords. Many private landlords pay tax rates of 55pc on rental income and are also subject to Stamp Duty and Capital Gains Tax (CGT) on sales. Yet commercial landlords in the build-to-rent sector pay little or no tax. Investment in the private rented sector has become a deeply unattractive proposition for the private landlord, despite record high rents. Private landlords should be treated like other commercial and farming landlords who get write offs against tax for long term leases. This has proved very successful in the farm renting business and encourages farmers to rent longer term.

The treatment of residential property lettings as a normal business for tax purposes in a similar manner to that of commercial landlords. For example, homeowners who operate the Rent-A-Room scheme are allowed up to €14,000 rental income tax free per annum. A similar amount should be allowed to all residential landlords. It would help stem the flow of private landlords from the market and encourage them to stay in the business or to expand.

The unfair practice of allowing institutional investors in residential properties to charge whatever rent they wished on a continuous basis when they brought new properties to the market, was only recently stopped, in July 2019. This caused serious confusion in the marketplace when private residential landlords could not increase rents by any more than 4%.

Tax incentives by way of Capital Gains Tax Relief for private landlords who sell properties with tenants *in situ*.

A plan to move to the European model of long-term tenancies with units being rented unfurnished: In this system tenants can furnish as they wish but must return the units in the same condition to that in which they were obtained. Private Landlords could be encouraged by way of realistic tax incentives. In most European countries, it is the tenant's obligation to pay the common (management) charges, whereas in Ireland, the landlord must pay such charges.

The introduction of a Code of Practice for Tenants. This should clearly define rights and obligations and decrease the number of disputes that arise and the number of referrals to the RTB. A fast track method is needed to terminate tenancies in cases of non-payment of rent and over-holding. Despite a public perception to the contrary the RTB Annual Report for 2018 shows that Rent Arrears and Overholding at 26pc forms the largest source of dispute resolution applications. And 58pc or almost six in every ten Determination Orders taken for Validity of Notices of Termination (959 in total) were found to be valid.

The introduction of a requirement for owners who operate short-term lets within apartment blocks to pay a service charge far higher than the norm to compensate for the increased commercial activity and consequent wear and tear. Such a system operates in Hungary, for example, where the charge is three times higher than the standard.

Restrictions on the number of units institutional investors can purchase and a requirement that they invest/build upon existing development sites.

14. Housing Standards

It is currently being proposed that estate agents, in the future, will have to ensure that all residential units advertised to let, comply with the 2017 Housing Standards for Rented Houses. IPAV does not believe this is a realistic proposal, as estate agents are not qualified to check all the specified requirements. This should be the obligation of the landlord to provide a certificate of compliance from the relevant Local Authority, confirming the property is fully compliant with the Housing Standards Regulations before such a property can be offered for rent.

15. Tax-Free Income

Many Government departments and Irish Businesses repeatedly voice concerns regarding staff shortages, and it is a significant problem. Many sectors, and specific occupations experience continued staff shortages, due to the exodus of the young, newly qualified people from Ireland for whatever reason, be it better wages, work conditions, travel, weather, a better livelihood or quality of life. The Irish economy is starved of young minds and potentially a lost generation.

We propose incentives for school leavers, graduates and employees to remain in, or to return to Ireland. The Government could provide a full income tax exemption for the first five years of employment, capped at an annual wage of €40,000. This would act as a strong incentive to stay in Ireland, allowing for more disposable income to be spent in the local economy and go towards a better lifestyle. IPAV further recommends for people returning to Ireland to work, a system of providing a full income tax exemption for the first year of their employment, again capped at €40,000.

16. Insurance Costs

Insurance costs on Irish business are prohibitively high and given the numbers of bogus claims and pay-outs by insurance companies, as opposed to going to court to fight such claims, the costs incurred by businesses continues to increase at an alarming rate.

In the renewal immediately after a claim is made, regardless of whether a pay-out is made or not, the insurance premium rises. In most cases, when no claim emerges, the premium very seldom comes back down again.

We propose the capping of claims for injuries would be very helpful to businesses and the possibility of a claims master, with responsibility to adjudicate on claims up to a certain level. It would also be very helpful if insurance companies were not allowed to raise their premiums on the basis a claim is made, but only when a claim is paid.

Institute of Professional Auctioneers & Valuers

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