



Rialtas na hÉireann
Government of Ireland

Review of the Private Rental Sector

Public Consultation Submission Form

June 2023

Prepared by the Department of
Housing, Local Government and Heritage
[gov.ie/housing](https://www.gov.ie/housing)

1. Review of the Private Rental Sector

The Housing for All Action Plan Update (November, 2022) stated the Department of Housing, Local Government and Heritage (DHLGH) would commission a comprehensive review of the private rental sector. The review will report on the how our housing system could provide an efficient, affordable, safe and secure framework for both landlords and tenants.

The purpose of this the consultation document is to facilitate participation in a consultation process concerning the private residential rental sector as an element of policy development under Housing for All.

The consultation document provides a broad perspective of the sector and discusses some its principal aspects, each followed by a set of questions intended to elicit views, provoke debate and generate proposals for policy change.

The Department hopes that the collective responses to these questions, provided by citizens, non-governmental organisations, public agencies and commercial enterprises, can inform the development of policy and contribute to a well-functioning private rental sector for all stakeholders. A stakeholder workshop will also be scheduled to run alongside this public consultation process.

Your views will be a vital source of information helping to inform future policy and the Department's review of the scheme.

If you would like to make a submission, please complete Section 4 of this form and either:

e-mail the completed form to – rentalstrategy@housing.gov.ie or

post the completed form to – Rental Market, Department of Housing, Local Government and Heritage, Newton Road, Wexford, Y35 AP90.

Please note the closing date for public submissions is 26 July 2023.

2. Publication of Submissions and Freedom of Information

Any personal information received by the Department will be treated strictly in accordance with data protection legislation, including the Data Protection Acts 1988 to 2018.

Submissions received as part of this consultation may be shared and discussed with other Departments, Local Authorities or other stakeholders and may also be published on the Department's website. This is to promote an integrated approach to addressing social housing solutions in the State.

Information received by the Department is subject to the Freedom of Information (FOI) Act and may be considered for release under the FOI Act.

3. The Private Rental Sector

The private rental sector has important social and economic roles to play. As a relatively flexible tenure form the sector can support internal and external migration flows, thereby contributing to worker and student mobility. The sector provides a source of accommodation for households prior to their movement to other tenures; many people live in private rented housing during early adulthood, having left the parental home. The sector acts as an important adjunct to the social housing stock, as market subsidies such as the Housing Assistance Payment provide social housing supports to low income households renting a private market dwelling.

When considering the private residential rental sector it is important to note that the private rental sector is an element of a wider housing system and therefore cannot be viewed in isolation from homeownership, social and affordable housing, housing development and construction markets, and so forth. Changes to the private rental sector will, in the main, have an impact on some or all of these connected areas of the housing system, and vice versa. Therefore policy mechanism must seek to achieve a fair outcome. Good government seeks to maximise the benefit of all, so when considering how best to amend policy to address challenges it is important to consider the impacts on wider society, in addition to those on specific interest groups, such as tenants and landlords.

4. Submission

Please provide any information in the boxes below that you would like to contribute to the review of the Private Rental Sector.

Please be thorough and take as much space as you require to make your submission. However you do not have to answer all sections posed.

Please note that any information provided may be discussed with other stakeholders in order to inform the outcome of the review.

Please do not enter any personal information.

Composition of the Sector

Traditionally the private rental sector, catered for mobile workers, students and young adults. Should the rental sector cater to lifelong renting? If so, should such a reorientation be a reason for a different approach to the regulation of the sector? See below.

What types of changes should be introduced to facilitate tenants who wish to enter into long-term tenancy options, and what should be done to encourage the supply of rental accommodation to meet such demand? See below.

What are the implications of the introduction of policy initiatives, such as cost rental, for the composition of the sector? See below.

What are the pension policy implications of the aging of households renting in the private market?

IPAV believes that Irish social policy, across welfare, pensions etc has traditionally been designed for home ownership rather than life-long rental. This view is academically supported and we expect your Department will be fully aware of the data from ESRI, Professor Tony Fahey and others, so we don't intend to go into that detail here. We believe that Housing for All, launched in July 2016, inferred strongly that there was some kind of 'European' model of rental that seemed to suggest that this was a natural trend Ireland should adopt itself towards policy wise where home ownership would decline by choice rather than being as a consequence of housing policy. We believe that to have been a major mistake – home ownership, in our view, is largely declining as a result of public policy. The option of ownership has been taken from younger age cohorts by public policy – the lack of building sufficient homes to keep prices stable; the over emphasis upon and over support through tax incentives of institutional landlords. While institutional landlords were needed to kickstart the market following the 2008 to 2010 financial crash we believe the State has gone too far in this regard, while at the same time treating private landlords completely unfairly by comparison with over regulation and penal tax treatment, leading to the mass exodus of such landlords from the market.

That said, we believe there is a place for lifelong renting for those who wish to do that, by choice. Those who are doing so currently are the ones that can afford it. It's very difficult to see how pensioners could afford lifelong renting and live as well. We believe the vast majority of Irish citizens will continue to desire home ownership.

Given Ireland's healthy wider economy we also see the need for the rental market to provide for workers who may not wish to live long-term in Ireland. Policy should provide incentives for private landlords to provide long-term leases.

To provide long-term rental the relationship between landlords and tenants should be equalised. At the moment the system does not provide sufficient support for landlords when they come up against irresponsible tenants. In fact, the system facilitates such tenants. Landlords rarely recover unpaid rent, even where the RTB has adjudicated in their favour. We need a tenant Code of Conduct that would be clear on tenant responsibilities and not push responsibility from one department to another with no one taking responsibility for decision making.

Regulation at the moment is too prescriptive in terms of what landlords must provide within rental accommodation. Rebalancing should involve provision for unfurnished properties. Especially in long-term leases tenants should become responsible for repair and maintenance, as is the case with commercial leases.

While cost rental is a good option, and there will always be a need for an element of social/cost rental, there is a grave risk that it would become the substitute for housing failures elsewhere and with a plethora of Approved Housing Bodies and others involved in the sector there may be issues into the future with the cost to the State of such bodies and the cost and efficiencies involved in maintaining that housing stock.

The pension consequences for cohorts of the population now in their late 30s and 40s are very worrying, particularly for the individuals concerned but also the future cost to the State. There is also a risk to social cohesion into the future. These age groups in particular, as well as those following on, have been excluded from home ownership while prices were low, particularly from 2012 onwards, and up to July 2022 interest rates were extremely low, and fixed rate mortgages were available for periods of up to 30 years. Interest rates now are ramping up and the best long-term fixed rate mortgages are increasingly being pulled from the market. See independent studies referenced earlier.

The Subsidisation of Households Renting Market Units

How best should the State deploy subsidies to assist those dependent on the private rental sector? The most effective way would be to dispense with over-regulation and encourage small landlords back into the market to increase supply. Rental subsidies, would in our view, amount to yet another sticky plaster solution ignoring the major problem. Writing in The Irish Times in March 2023 Professor John FitzGerald, Professor Emeritus, at the Economic & Social Research Institute (ESRI) concluded:

“Rent controls are a short-term fix that usually turn into a long-term problem. Once in place, ending restrictions becomes increasingly problematic. The long-term effect is to curb supply of rental properties, raise overall rent levels, and ultimately damage the interests of tenants and potential tenants.”

Should subsidies be used to encourage households towards specific tenure types? No, as outlined at the top we believe this is the mistake the State has made by being prescriptive rather than responding to the needs of our growing population.

Are there risks associated with delivering social housing using subsidised market rental units; if so, do the risks outweigh the benefits? Obviously, it depends on the subsidies put forward and especially if they cause unintended or out of sync consequences to the rest of the market. The availability of stock will determine the risks.

Should the Cost Rental Scheme be scaled up across the country? No, it should only be a relatively short-term measure. More homes need to be built to meet the demands of the population. Home ownership is the best method of improving personal wealth over one's lifetime.

If so, what changes/incentives could be made to support the expansion of this tenure of rental? As above

The Quality of Homes

Should the standards regulations which currently apply be changed and, if so, why and how? Yes, they should be less prescriptive, giving more personal responsibility to tenants, especially with long-term leases.

Are landlords and tenants sufficiently aware of the standards and enforcement processes and, if not, how can awareness be raised? By making the provision of a Certificate of Fitness on every rental property prior to renting. Generally speaking, we think there is a good level of awareness.

Is the inspection regime which local authorities operate to oversee standards and fire safety appropriate? We would think that the system is reactive rather than proactive, until an issue arises. By making the provision of a Certificate of Fitness compulsory on every rental property prior to renting, it would encourage landlords to bring their properties up to standard.

Are the mechanisms which govern disputes among tenants and landlords concerning standards working well; if not, how and why should they be changed? Addressed earlier.

Would increases to standards drive landlords to exit the market? Yes, The abolition of bed sits is partly to blame for the current rental problems.

Should standards be differentiated, depending on the scale of the landlord, the age of the dwelling and so forth? Yes on the age of the dwelling, and the term of the lease

How should the private rental sector be supported to achieve minimal BER ratings? Generally, landlords who are getting market rents will want to upgrade their properties, knowing that this will keep good tenants and attract new ones when tenants leave. However, many private landlords, because of the impact of RPZs are on substantially lower rents and are unable to afford upgrades. Increasing interest rates exacerbate this situation for landlords paying mortgages.

Which other changes should be made to improve the governance of the private rental sector? Simplification and a re-balancing of regulation between landlords and tenants. The RTB and the rules governing it need to be reviewed.

The regulations have become so complex that a whole industry has now been built up in the private sector around interpretation of the regulations. This exists outside of the RTB which doesn't give guidance with questions and problems, beyond the rules as set out on their website.

Generally speaking we would feel that the premise of much of the regulations assumes bad intent on the part of landlords, rather than recognising the reality that there will always be a small cohort who will attempt to evade their responsibilities. For these the penalties should be prohibitive.

Supply and Investment, Institutional Investment, Subsidising Investors and Student Housing

Should the State play an active role in managing the size of the private rental sector and, if so, how? No, the State should be involved in social provision and after that the private sector should provide the rest.

Which measures should be taken to incentivise small-scale landlords to remain in the sector, and why? Address penal tax rates that see 52pc approx. of rental income go back to the State in taxes; strengthen provision for landlords attempting to deal with irresponsible tenants and allow landlords to charge market rent and stop penalising landlords for treating their tenants fairly but not charging market rent prior to 2016.

Should general subsidies or tax measures to incentivise greater rental sector supply be considered? Tax measures and fair tax treatment to small landlords.

Should measures be targeted at specific types of accommodation, specifications, locations or landlords, such as small scale or larger landlords? Equalise provision between small and institutional landlords. If tax measures and other encouragement provisions as stated earlier were implemented private landlords would return to the market and new ones would be incentivised to enter it.

Are there particular types and locations of new supply which are particularly important? Supply is needed in most areas, and more affordable accommodation rather than the excessive emphasis on high end supply (where institutional landlords are most prevalent).

Is there a role to be played in the conditional availability of incentives, such as grant subsidies or tax measures, for the completion of housing units to incentivise supply? Any help that will get more supply into the market is to be encouraged and should be considered.

Should measures be taken to specifically incentivise further supply of high quality units by institutional investors with a long-term commitment to urban rental markets, and if so what form should such measures take? Priority should be given to providing homes for sale to citizens. Institutional landlords have had incentives. To keep on encouraging such investment over the provision of homes for sale, would, in our view, be a mistake. That would amount to the State prioritising this type of housing and citizens having fewer other options in terms of housing tenures.

What measures should be taken to have a more structured and well-funded approach to the provision of rental accommodation for students? There are many types of student accommodation that can be built very quickly like log cabins and rapid build and also the building of more on-site accommodation on many campuses.

Are policy mechanisms available which can protect the long-term interests of tenants and investors alike, such as subsidies or tax measures which apply solely to long-term leases? The success of incentives that currently apply to long term letting of agricultural land for landlords over 40-year of age provide a model that could be emulated.

Are there measures could be deployed to attract domestic capital toward sustainable, long-term investments in the residential rental market? There could be a Government Guaranteed Building Bond, with a reasonable rate of interest, the investment could be long and short term. This would certainly encourage many to invest in. The pillar banks are overflowing with Irish investors' money waiting for a better home to come along for it.

International Examples

What rental policies and policy measures used in other countries ought to be considered for Ireland? It's very difficult to work out whether something in other countries would be good for Ireland or not. Systems and culture differ greatly. Property professionals like IPAV members know what is needed in the Irish market.

Unfortunately Irish policy has been influenced piecemeal by other jurisdictions without considering the whole. This has led to major unintended consequences. We believe that the 2016 Housing for All in its approach to rental, assuming there was 'European' model of rental that upcoming Irish households would want to gravitate towards, was a major case in point.

We should be looking at the Irish market, demographics, economic outlook, history, research and aim to serve the housing needs of that population for the next 30 to 50 years.

We believe the outcome of any such analysis would see home ownership as the major cohort but also catering for short and long-term rentals, along with social housing need. Policy to date has got the mix wrong and unless corrected in the medium term will engender serious unintended consequences for our society.

gov.ie/housing

The Department of
Housing, Local Government and Heritage



Rialtas na hÉireann
Government of Ireland