

Wednesday 29th March, 2017

RENT CONTROLS CAUSING INCREASES IN NON-DESIGNATED ZONES

IPAV Calls on Government to Rescind Regulations

The introduction of rent controls is leading to increases in non-designated areas, IPAV, the Institute of Professional Auctioneers & Valuers, has said. And the organisation is calling on the Government to dispense with the regulations before it's too late.

As the Residential Tenancies Boards (RTB) today published its rent index for the last quarter of 2016 Pat Davitt, IPAV's Chief Executive, says since rent pressure zones were only introduced in mid-December today's report does not capture the reality of the current market.

"The report only covers 26,276 new tenancies registered in the final quarter of 2016. However, auctioneers report that the new controls introduced in December are having a major impact on the market.

"Landlords within the rent pressure zones who did not raise rents to market level, generally because they want to hold onto good tenants, now find they are being punished. Those outside of the designated rent pressure zones watching this injustice are deciding they are not going to be caught by potential forthcoming controls and are increasing rents to market level," he said.

Mr Davitt said the introduction of such rent controls was a mistake and they are having severe unintended consequences in the market.

He called on the Government to heed the European Commission which has said that rent controls have had a destabilising impact on housing markets in other EU countries.

"And a comprehensive study by DKM Economic Consultants for the RTB (formerly the PRTB) in September 2014 concluded that rent regulations would see the impact falling disproportionately hard on the very people they are intended to assist," he said.

He also said rent controls would see more private landlords leave the market, as predicted as a consequence in the DKM study. "Already they are severely disadvantaged in tax treatment by comparison with commercial landlords."

He said rather than rent controls Government efforts should be prioritising the lack of supply of properties.

IPAV recently called on Minister Coveney and the Government to fast-track the promised detailed analysis of building input costs, given the centrality of the issue to housing supply.

The National Competitiveness Council (NCC) in its December report acknowledges that significant concerns persist in relation to the cost of development and the cost of construction, he said.

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