

**Joint Oireachtas Committee on Housing, Planning & Local
Government**

Opening Statement by Rosalind Carroll

Director of The Residential Tenancies Board

**For detailed scrutiny of the Private Members Bill - Residential (Greater
Security of Tenure) Bill and the Anti Evictions Bill.**

20th February 2018

1. Introduction

I would like to thank the Chair and the Joint Committee for inviting the RTB to discuss the Residential (Greater Security of Tenure) Bill and the Anti Evictions Bill. I am accompanied today by Chairperson of the RTB, Catriona Walsh and Caren Gallagher, Head of Communications and Research.

The Residential Tenancies Board is the primary body dedicated to regulating the rental sector in Ireland and one of the only bodies that works impartially with landlords and tenants. Our core functions include replacing the courts for the majority of landlord and tenant disputes through our dispute resolution services, a national system of tenancy registration, and increasingly, the provision of information, research and education.

The overall vision of the RTB is for a well functioning rental sector that is fair, accessible and beneficial to all, however we know in the current market demand continues to grow at a time of restricted supply and access to accommodation is difficult for many tenants. We also recognize that there are many people in very challenging and uncertain situations as a result of the ongoing supply and affordability issues. Given the number of households that rent in Ireland, and will continue to do so into the future, we will need to

continue to adapt the regulatory framework in a way that supports and serves both landlords and tenants in this evolving market.

Both of the Bills being discussed here today are about trying to improve the current situation in the rental sector. The spirit of both recognize the need to strengthen security of tenure protections to meet the needs of a rental population that will rent homes for much longer periods than previous generations. In terms of both timing and effectiveness, before considering further changes it is important to note the level of regulatory change that has already occurred and the current profile of the sector.

There have been a series of legislative changes introduced over the last number of years including the Residential Tenancies (Amendment) Act in 2015, another in 2016 and another Bill is currently before the Houses. The original regulatory framework established in 2004 has grown and become more complex with each change to the point that most landlords and tenants do not understand their rights or responsibilities. We believe this is the biggest threat to successful implementation of any further regulatory change.

The proposed new powers for the RTB under the Residential Tenancies (Amendment) Bill (No 2) 2018 will enable us build on the protections in current legislation and allow us to move to more proactive regulation of the sector. However, we cannot rely on regulation alone to solve all the issues and must also protect existing supply and encourage future investment.

2. Profile of the sector

In this context it is important to consider the current profile of the sector, there are approximately 340,000 tenancies registered with the RTB, of which 307,000

are private rented tenancies. The majority of landlords (just over 70%) own one property, with a further 16% owning two properties. We are starting to see evidence that the stock of rental properties is falling despite demand being at an all time high. Since 2017 the number of private rental tenancies has fallen from 313,000 to just over 307,000 at the end of 2018. This is a significant reduction given the extreme demand pressures in the current market and we cannot afford to risk further loss of stock in the sector as it is the most vulnerable tenants that are affected most by a lack of supply. Given the degree of regulatory change introduced over the course of the last 3-4 years and what is proposed, there is a careful balance to allow this legislation to bed in and allow the RTB to exercise new regulatory powers, to manage the transition and ensure that we do not worsen the situation.

3. Considerations

The Bills being considered here today contain a wide range of measures covering:

- Student accommodation
- Rent transparency and rent reviews
- Changes to security of tenure relating to section 34 and part 4 of the Residential Tenancies Act
- Rent Pressure Zones
- Deposits

It is our understanding that a number of areas are under consideration as amendments within the context of the Residential Tenancies (Amendment) (No 2) Bill 2018.

With regard to student accommodation, the RTB came before the Committee last November to discuss this issue. We support reform and clarity in this area given the increasing numbers of student specific accommodation that will be provided over the next number of years. The RTB strongly believe that the vast majority of student accommodation does currently fall within our remit and we understand that the Minister is working to include further clarity on student accommodation in the proposed legislation.

In considering rent transparency, the proposed move to annual registration will ensure that landlords provide the RTB with up to date details on an annual basis including correct rent amounts. This will ensure better and smarter regulation and will support rent transparency measures. It is our understanding that the Minister is working to establish if it is legally possible to provide for measures to ensure rent transparency in the sector.

In considering some of the other measures, it is useful to look at the applications for dispute resolution services coming to the RTB which give an important insight into the sector. The most common types of dispute we see are in relation to rent arrears and overholding (27%), invalid notice of termination (26%) and deposit retention (21%). This trend has remained steady for the last number of years.

Specifically looking at further security of tenure it is useful to consider the cases that come before the RTB relating to notices of termination issued by landlords. Of these cases, there are a wide range of reasons why notices are being served with the most common reason being rent arrears. This is the biggest issue facing the sector with a total of 44% of the notices in 2017 served for rent arrears. Of note is that in the vast majority of these cases (77%) the notice was found to be valid. After this, 20% of notices served were where the landlord

intended to sell the property.

There have been a number of legislative changes to enhance security of tenure in the last few years and the RTB do support further strengthening in this area. However, there are legal considerations and, at this point, given the data that exists in relation to supply in the sector and notices of termination, we need a careful balance and strong evidence base to support further regulatory change.

In relation to Rent Pressure Zones and the criteria that apply, the RTB have fed into the considerations by the Department. It is important to balance any potential impact on supply particularly where rents are lower than the cost of provision. The RTB Rent Index, produced in conjunction with the ESRI, provides data on rental indices across the country down to Local Electoral Area. The quarterly report shows the degree of variation across the country in both growth rates and standardized average rents is significant with some areas with an average rent of €470.

Outside of rent pressure zones, there are rent certainty measures in place whereby landlords can only review the rent once in a 24 month period and cannot set a rent in excess of market rent. There are existing protections for tenants and the RTB believe that with the additional new powers and a more proactive regulatory framework, landlords and tenants can be supported on a pathway to compliance. It is important to allow for the new powers to be established and tested.

When considering the range of other measures proposed, the case outcomes and RTB experience are useful to consider, such as the practice and outcomes in relation to deposits. In 2017, 92% of deposits were partially or fully refunded to tenants who took a case to the RTB and we do not see evidence in our data of a trend whereby landlords are seeking deposits of more than one months

rent.

Summary

The RTB will soon have more effective powers that will change the nature of how we regulate the sector. Critically, the new civil sanctions regime allows for a proportionate response from a caution all the way up to a sanction of €15,000 to potential breaches of the law. These powers will make the regulatory framework more impactful and effective, however regulation alone will not resolve the current issues in the sector.

When considering further regulatory measures in the market, equally there is a need ensure to that there is quicker and more effective access to justice when things go wrong in a tenancy. We also need to ensure that we are doing more to promote supply and encourage further investment.

The proposed new powers for the RTB under the Residential Tenancies (Amendment) Bill 2018 are a significant change for us as an organization and for the rental sector. We hope that a lot of the measures will address the issues in the sector and the legislation will enable more effective, proportionate and smarter regulation. We are focused on the successful and smooth implementation of the proposed legislation for both landlords and tenants in what is already an extremely complex and bureaucratic regulatory framework. This will take time and the RTB are committed to supporting all those involved in the sector, whether they are landlords or tenants, on pathways to compliance.

Given the wide range of issues in the Bills, we have focused on some elements of both but welcome the opportunity to discuss both further with the Committee.