

Threshold's Opening Statement to the Joint Oireachtas Committee on Housing, Local Government and Heritage on Recent Trends in the Private Rental Sector

20th September 2022

Chairman, members of the Committee, we would like to sincerely thank you for inviting us to speak to you today. I am joined by my colleague Owen Dugan who is Assistant Manager of Threshold's Eastern Region Services.

Threshold has worked with and supported tenants living in the private rental sector since 1978. Each year we assist approximately 20,000 households who are living in the private rental sector. Threshold advocates for a better housing system, which includes increased security of tenure, affordability, improvement in standards and a sustainable private rental sector. We are working toward a vision where housing is a right, is affordable and accessible to everyone.

I will present the current situation in the private rental sector as informed by the experience of Threshold's clients; this will include an overview of the trends in the advice being sought by private renters of Threshold. I will also set out some of the key areas in which Threshold believe changes are needed to ensure renters have secure, affordable homes of good quality.

Threshold is deeply concerned for the future of those who are relying on the rental sector to meet their housing need, particularly those who are reliant on it to meet their long-term housing need. Among these we have acute concerns for those on limited incomes, those with children, older people and single people.

The private rental sector in Ireland is not a place to forge a long-term home of your own. Despite the many protections and improvements in regulation, a landlord can still evict a tenant where there has been no wrongdoing on the tenant's part.

Landlords are evicting tenants in unprecedented numbers. Threshold has supported on average 462 private renters a month, this year, who have received a notice of termination from their landlord. The majority of these, 58%, were issued as the landlord intends to sell the home. This is dramatically different from 2019, pre-Covid-19, when we assisted 263 private renters a month who had received a notice of termination, half of which were for the purposes of sale.

With extremely low levels of properties advertised to rent, delivery of social housing falling short of need and the challenges of accessing home ownership, it is

highly likely that an increasing number of people will be forced into homelessness. We expect to see the homeless figures increase in coming months; however, we are hearing that some Local Authorities are unable to provide emergency accommodation and so are turning people away. This will mean an increased number of people living in hidden homelessness, sleeping on couches, on floors, in cars or rough sleeping. These people will not be counted in the official homeless figures.

An additional plight for renters is the increased cost of living, in particular the cost of heating the home this winter. In its report the “Estimated Inflation by Household Characteristics June 2022”, the CSO identified that private renters are one of the groups hit hardest by rising inflation¹. The ESRI have identified that private renters and are at greater risk of poverty in comparison to owner occupiers². Rental homes have lower BERs than other tenures, and renters reliant on HAP and RAS are more likely to be living in homes with a rating of D or less³. It is highly likely this year that many renters will go without heating their homes. Our colleagues in the Society of Saint Vincent de Paul have already reported that people are cutting back on heat, electricity and even food⁴.

There has been little change in relation to the other issues brought to Threshold by renters. The problem of poor standards and outstanding repairs in the home remains constant. Fewer people are seeking assistance with rent reviews. We would be hopeful that this is an indication that sitting tenants are being charged the legally permitted rent, however, we are concerned that renters are putting up with the rent increases so that they can hold onto their homes. We do have concerns about the rate of rent increase outside of the Rent Pressure Zones. In the most extreme cases, we have seen rents increased by 60% or more and in a number of cases more than doubled.

¹ “Press Statement Estimated Inflation by Household Characteristics June 2022”, Central Statistics Office, <https://www.cso.ie/en/csolatestnews/pressreleases/2022pressreleases/pressstatementestimatedinflationbyhouseholdcharacteristicsjune2022/>

² “Headline Poverty Target Reduction in Ireland and the Role of Work and Social Welfare” (2022), ESRI, https://www.esri.ie/system/files/publications/BKMNEXT424_Research%20Briefing.pdf

³ The Rental Sector in Ireland 2021, <https://www.cso.ie/en/releasesandpublications/fo/fo-trsi/therentalsectorinireland2021/rentalproperties/>

⁴ “The Cost of Surviving” (2022), Society of Saint Vincent de Paul, <https://www.svp.ie/newsmedia/publications/social-justice-publications/svp-pbs-2023-the-cost-of-surviving.aspx>

The solutions to these problems are manifold. We expect to see some temporary measures in Budget 2023 to alleviate some of the impact of the increased cost of fuel and other essentials. However, many of these issues will remain once these temporary measures have been exhausted; renters' homes will remain cold, they will continue to struggle financially, forced to make decisions between rent, heat and food and will face eviction.

Only the large-scale provision of social, affordable and cost-rental housing will improve matters for those reliant on the private rental sector for a home. Until such a time that there are sufficient homes in the system it will be necessary for Government to take targeted, specific and mitigating action.

In our Pre-Budget submission⁵ Threshold has put forward a number of measures to assist renters in the short- to medium-term.

1. The reintroduction of a tax relief for private renters. This was ended in 2010, at a time when rents had reached an all-time low. Rents are now almost double what they were at the end of 2010.
2. The establishment of a €20 million rent arrears fund to assist renters to remain in their home, address their arrears and ensure the landlord is not out of pocket. SILC 2021 data shows that just over 16% of renters had missed one or more rental payments in the preceding 12 months. In tandem with this Threshold recommends changes to how arrears are dealt with in legislation.
3. Notwithstanding the recent increases to the HAP discretionary rate, there needs to be an increase to the Housing Assistance Payment base rates.
4. Establish a dedicated homeless prevention budget, equivalent to 20% of the total Homeless Budget, which is €194 million for this year.
5. A reduced Capital Gains Tax for landlords who sell their home, with the tenant in situ, to the Local Authority or an Approved Housing Body.

⁵ "The Cost of Renting – Threshold's Pre-Budget Submission 2023" (2022), Threshold, <https://threshold.ie/wp-content/uploads/2022/09/PBS-2023-The-Cost-of-Renting.pdf>