

## **OPENING REMARKS**

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(IPOA)**

**Joint Committee on Housing Local  
Government and Heritage**

**Pre-Legislative Scrutiny of the General  
Scheme of the Residential Tenancies (Right to  
Purchase) Bill**

**5<sup>th</sup> December 2023**



Good afternoon, Chair, Deputies and Senators.

Thank you for offering us the opportunity to speak to you today, on behalf of the membership of the Irish Property Owners' Association, on the critical matter of the General Scheme of the Residential Tenancies (Right to Purchase) Bill.

By way of introduction, the IPOA is a not-for-profit organisation, which seeks to protect and promote the interests of private residential property owners and encourage the supply of good quality accommodation and professional standards of property management. The IPOA is a national association, representing landlords, from single property owners to multiple property owners, throughout Ireland.

At present, tenants are free to bid on properties on the open market like every other citizen. Indeed, many tenants have purchased from their landlord. Local Authorities are also able to compete on the open market.

When a tenant wishes to buy a property from a landlord, and a landlord wishes to sell, it is discussed between both parties, and if a deal can be done, a deal is done. This arrangement – which is not uncommon - saves estate agent fees, advertising, time, and the potential costs of staging a property for sale. It benefits both parties and does not need a change in law to make it happen.

The issue facing the rental market is lack of supply. Investors assist the state in their obligation to house people by providing homes in rental accommodation. Without investors willing to purchase, there is no private rental market.

This legislation could end-up worsening the already-severe shortage of housing units faced by the rental market in Ireland. Landlords will be discouraged from investing in rental properties if their ability to freely sell them is restricted. This, in turn, could further diminish the available rental supply, exacerbating the current housing crisis.

This legislation could also lead to unintended consequences which could make the process of selling a rental more difficult, in the case of default by the mortgagee. The risk to the financial institution is increased which is likely to increase the interest rate.

This legislation may make it impossible for a landlord to secure vacancy of their property in order to prepare it for viewing and sale.

This legislation will be unfair to private buyers who may invest significant resources such as surveyors' fees and legal expenses, secure mortgage approval, and then enter a contract in the expectation of acquiring a property. This proposal, however, introduces the possibility that their efforts could be superseded at the last minute by a tenant making a final matching bid.

As a result, this legislation will, in effect, make auctions unfeasible. The hammer coming down will no longer have any effect if a buyer can be subsequently denied their right to purchase by a tenant's matching bid. This will deprive a landlord of availing of the auction option to sell a property and does not protect owners in situations where properties are in receivership.

Another consequence is that properties where occupants are in nursing homes would become unlikely to be let, in view of the restrictions on selling proposed in this legislation.

What happens then if a tenant's mortgage approval falls through? Any homeowner would prefer to sell to a cash buyer rather than a mortgage buyer for numerous reasons.

What happens at the end of the process if both a cash offer and a tenant's mortgage offer are equal? If the tenant's mortgage approval falls and the cash buyer is now gone, will the State compensate the seller?

What happens if a tenant seeks to vexatiously stall a sale, by initially offering one euro for the property and then trying again to stall the process at the end. This may happen only very rarely, but landlords must nonetheless be assured of protection under the law. Since landlords must provide a statutory declaration when selling, it would seem appropriate that a tenant should also be required to provide a "statutory declaration" to the effect that they have the necessary funds to complete, rather than the current proposed requirement for a less stringent declaration.

The legislation does not deal with shared tenancies where multiple tenants wish to purchase, one of whom may be in receipt of HAP and wish their Local Authority to purchase on their behalf.

These examples are just some of the potential unintended consequences and challenges which this legislation could lead to. While the intention behind this proposal is to increase tenants' rights, we argue that the most significant of the potential unintended consequences of this legislation is that it may inadvertently curtail tenants' options. By reducing the overall pool of rental properties, tenants may face increased competition and fewer choices when seeking new accommodation.

We would ask the committee to weigh up whether there is a valid need for the right to purchase, versus the risks and possible unintended consequences.

In conclusion, a property owner constitutionally has the right to dispose of their property as they see fit and in a timeline that is determined by them: -

- To any person/company
- For whatever price they decide
- At an auction
- To gift a property
- To offer it for sale on the open market

The Right to Purchase appears to be fundamentally unsound, unfair to prospective purchasers, damaging to tenants and will cause further damage to an already dysfunctional market.

There are many more issues relating to this bill which we are happy to discuss with the Committee.

Thank you.