

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, RIALTAS ÁITIÚIL AGUS OIDHREACTH

JOINT COMMITTEE ON HOUSING, LOCAL GOVERNMENT AND HERITAGE

Dé Máirt, 20 Meán Fómhair 2022

Tuesday, 20 September 2022

Tháinig an Comhchoiste le chéile ag 3 p.m.

The Joint Committee met at 3 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Francis Noel Duffy,	John Cummins,
Thomas Gould,	Mary Fitzpatrick,
Emer Higgins,	Rebecca Moynihan,
Cian O’Callaghan,	Mary Seery Kearney.
Richard O’Donoghue,	
Eoin Ó Broin.	

Teachta / Deputy Paul McAuliffe sa Chathaoir / in the Chair.

Private Rental Sector: Discussion

Vice Chairman: We reconvene to discuss developments in the private rental sector following on from our private session earlier this morning. We are joined by Dr. Michael Byrne of University College Dublin, UCD, Ms Ann-Marie O'Reilly and Mr. Owen Duggan from Threshold, Ms Mary Conway, Ms Margaret McCormick and Mr. Brendan Allen of the Irish Property Owners Association, IPOA, and Mr. Pat Davitt, Mr. Gerry Coffey and Mr. Paul McCourtney of the Institute of Professional Auctioneers and Valuers, IPAV. The opening statements have been circulated to members. I ask witnesses to limit their contributions to five minutes as a result.

I will read a note on privilege. Before we begin, I remind members of the constitutional requirement that members must be physically present within the confines of the place Parliament has chosen to sit, namely, Leinster House, in order to participate in public meetings. Witnesses attending the committee are protected by absolute privilege in respect of their contributions at today's meeting. This means they have an absolute defence against any defamation action or anything they say at the meeting. Both members and witnesses are expected not to abuse this privilege they enjoy. It is my duty as Chair to ensure that this privilege is not abused. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with such direction. Members and witnesses are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against any person outside the House or an official either by name or in such a way as would make him or her identifiable.

I invite the witnesses to make their opening statements in the following order: Dr. Byrne will be followed by Ms O'Reilly, Ms Conway and Mr. Davitt if everyone is in agreement. We will start with Dr. Byrne.

Dr. Michael Byrne: I thank the committee for the invitation to be part of this session. I will read a slightly abridged version of my written submission. In the decade following 2010, Ireland experienced a catastrophic collapse in housing supply, as well as a rapid expansion of the private rental sector. These two processes have interacted to exert enormous pressure on tenants. In what follows, I will begin by assessing the impact of this change and then discuss the future of the private rental sector.

The major trends within the private rental sector can be addressed under three headings, namely, residential instability, private rental sector affordability and wealth inequality. Data collected by Focus Ireland indicate that almost 70% of families presenting as homeless have come from the private rental sector and the majority of these have been evicted. Residential Tenancies Board, RTB, data indicate that notices of termination issued by landlords have increased by 58% in the first half of this year compared with the previous six months. More than half of these terminations are linked to sale of property. Beyond this, we do not have robust evidence on the prevalence of residential instability, that is, evictions and involuntary moves. Therefore, the qualitative research we have is of particular importance. I have conducted two qualitative studies in recent years examining the experiences of tenants in the private rental sector, both of which find that insecurity is a pervasive feature of the housing experience of many tenants, which is a finding echoed by international evidence.

Based on the evidence from Ireland and internationally, we can conclude that the expansion of the private rental sector is associated with the growth of residential instability as a significant feature of our housing system. In terms of affordability, rental inflation appears to have become

a structural feature of our housing system. Economic and Social Research Institute, ESRI, research indicates that 16% of households had housing payment-to-income ratios greater than 30% in 2015-2016, but that this figure was double for private rental sector households.

Another piece of ESRI research published earlier this year found that the introduction of rent pressure zone, RPZ, legislation led to a moderation of annual rent increases within RPZ areas. However, rental inflation for new tenancies continues to be very high.

In the context of the affordability challenge, housing assistance payment, HAP, and other rent subsidies provide a crucial support for renters with as many as one third of tenants now in receipt of HAP or another subsidy. Nevertheless, the cost to the Exchequer has accelerated quickly and rent subsidies do little to address the issue of residential instability outlined above.

The decline of homeownership is also associated with a growth of wealth inequality. Another piece of ESRI research published last year shows that the share of aggregate net wealth in the bottom 50% of households fell from 12.2% in 1987 to 6.8% in 2018. The decline of homeownership is identified by that research as one of the main drivers of wealth inequality, echoing international research. Taking these three issues together, the evidence suggests that the expansion of the private rental sector in the context of wider challenges in the housing system has accelerated housing inequality significantly.

Turning to the future of the private rental sector, rather than focusing on fixing the issues in the private rental sector, our focus should be on fixing the housing system as a whole and repositioning the role of the private rental sector within that housing system. Building on this, I advocate three guiding principles for how we think about the future of the private rental sector, the first of which is supporting tenants. The evidence demonstrates that a large majority of tenants do not wish to remain in the private rental sector. Policy needs to support households to move on from a private rental sector that is often failing them. Further research is required here but there are a number of avenues through which this might be pursued, such as stabilising house prices in general, supporting households in accessing mortgages and expanding social housing and cost rental housing. These measures will reduce the concentration of ownership of residential property, which has the potential to create a more equitable and stable housing system, to produce better outcomes in terms of affordability and security and to reduce the extent to which housing operates as an investment asset.

Second, tenants who remain within the private rental sector must be protected. All the Irish and international evidence show that security of tenure is the bedrock for everything else in the private rental sector. Without security, tenants cannot advocate for themselves, cannot create a stable home and continue to be at risk of homelessness. Moreover, even if the ongoing attempts to increase housing supply are successful, by the time they have an impact on most households many of the children currently growing up in the private rental sector will already be adults. It is simply not possible to protect tenants in the short term via the mechanism of supply. Finally, we need to protect the stock of private rental sector dwellings, particularly given current concerns around small-scale landlords leaving the sector. However, policy that aims to protect the stock of private rental sector properties should not undermine the previous two objectives, namely, widening access to the other tenures and protecting tenants.

Vice Chairman: I thank Dr. Byrne for his impeccable timing. I invite Ms O'Reilly to make her opening remarks.

Ms Ann-Marie O'Reilly: I sincerely thank the Vice Chairman and members of the com-

mittee for inviting us to speak today. I am joined by my colleague, Mr. Owen Duggan, 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 that are private renters. 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 towards 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. 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. This means that every 20 minutes, a Threshold adviser is answering a call from a tenant who has been evicted from their home. The majority of these, 58%, were issued as the landlord intends to sell the home. This is dramatically different from the position in 2019, pre-Covid, when we assisted an average of 263 private renters a month. The figures have almost doubled in three years. With extremely low levels of properties advertised to rent, delivery of social housing falling short of need and the challenges of accessing homeownership, 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, that is, people who are 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. The Central Statistics Office, CSO, has identified that private renters are one of the groups hit hardest by rising inflation. The ESRI has identified that private renters are at greater risk of poverty in comparison to owner-occupiers. Rental homes have lower building energy ratings, BERs, than other tenures, and renters reliant on HAP and the rental accommodation scheme, RAS, are more likely to be living in homes with a rating of D or less. It is highly likely this year that many renters will go without heating their homes. Our colleagues in the Society of St. Vincent de Paul have already reported that people are cutting back on heat, electricity and even food.

There has been little change regarding 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. While we are hopeful that this is an indication that sitting tenants are being charged the legally permitted rent, we are concerned that renters may be putting up with the rent increases in order that they can hold onto their homes. We 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, they have doubled.

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, the issues I have highlighted today will remain once these temporary measures have been exhausted. We are proposing the reintroduction of a tax relief for private renters. This was ended in 2010, when rents had reached an all-time low. Rents are now almost double what they were at the end of 2010. We would like to see the establishment of a €20 million rent arrears fund to assist renters who may fall into arrears. This will ensure that landlords receive their rent. On the retention of rental properties in the sector, we recommend 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, AHB. This will keep tenants in their home and provide long-term security and affordability. It is a targeted measure aimed at those landlords who have a genuine desire to sell and exit the market.

Vice Chairman: I invite Ms Conway to make her opening statement.

Ms Mary Conway: I thank members of the committee for the opportunity to speak to them today on behalf of the membership of the Irish Property Owners Association on the critical matter of the availability of rental accommodation, the challenges facing our members and the solutions being proposed by us to alleviate these issues. By way of introduction, the IPOA is a not-for-profit organisation that seeks to protect and promote the interests of private residential property owners and to 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. Driven by our alarm at the housing availability crisis currently engulfing Ireland, we have been motivated to collaboratively work with like-minded associations such as the Institute of Professional Auctioneers and Valuers to devise targeted solutions to stem the exodus of private landlords from the property market. With that in mind, we jointly commissioned renowned economist, Jim Power, to compile an economic report detailing the state of the sector and on the back of this, we prepared a budget submission loaded with solutions focused on alleviating the crisis, providing a more equitable ecosystem for non-institutional landlords and avoiding the ever more scarce supply of rental accommodation.

At the outset, it should be noted that the pressures on landlords that were identified when the research was conducted have been further exacerbated since. Inflation has risen substantially, thereby impacting insurance and maintenance costs and the European Central Bank has raised interest rates by 1.25%, consequently increasing mortgage costs. Absorbing these challenging fiscal circumstances is extremely difficult for our members and is threatening their longevity in the market, which is bad for them, bad for prospective tenants and bad for housing policy. However, the significance of the impact of the foregoing is best understood against a backdrop of the sector more generally. Private non-institutional landlords provide 94% of rental accommodation in Ireland, and 70% of these landlords have five properties or fewer. Some 43% of these landlords made the decision to invest in rental property as a means of pension provision and for a majority, rental income represents their sole pension income apart from the State pension. Finally, I wish to draw members' attention to the age demographics of non-institutional landlords. Some 75% are above the age of 50 and 48% are above the age of 60. This is important to note as taxation issues around inheritance are contributors to landlords leaving the market. On foot of this, our organisations have prepared proposals in the area of taxation and included these in our pre-budget submission, which I will go through now.

On the introduction of a new rate of tax, the IPAV and the IPOA recommend that a new rate

on residential rental income of 25%, inclusive of USC and PRSI, be introduced for residential rental profit to encourage small private landlords to remain in the market and to support new investment. We propose that this be funded from the introduction of a tax rate of 25% for all investment funds, including real estate investment trusts, REITs, operating in the residential rental market, which would bring much-needed equilibrium to the treatment of landlords. It is entirely inequitable that two different investors both providing identical product and service can have such disparity in tax treatment. The private investor is taxed at a marginal rate of up to 55% while the private equity funds, the REITs, pays 0% tax on rental profit once they exit the market within a defined period. While this practice is riddled with disparity for our members, it is the loss to the Exchequer that is astounding when one considers that some REITs continue to make rental profits totalling hundreds of millions of euro.

The Exchequer gain from subjecting funds to a 25% rate of tax should be used to encourage non-institutional landlords to stay, through a tax reduction that would allow them to remain viable and continue providing much-needed accommodation to desperate tenants who need a roof over their head. This would ensure the equal treatment of investors and these measures would help with retention and increase supply.

We propose the introduction of roll-over relief in regard to capital gains tax on the sale of all assets where proceeds are invested in residential property within 12 months. This would encourage existing and new investors to reinvest in the market, in short, enabling the retention of supply and incentivisation of new investment.

The IPOA and the IPAV also call for a reduction in capital acquisitions tax, CAT, on the inheritance of residential investment properties. Many families are forced to pay large CAT bills on the inheritance of residential property, which forces the sale of the residential property to fund these taxes. A reduction in the tax charge by reducing the taxable value by 90%, as applies to the inheritance of agricultural property and business assets, should be introduced as a priority for the inheritance of residential property. This would encourage current property owners to pass assets to the next generation, allowing the next generation to remain in the market, and encourage other individuals to invest in the market to take advantage of the relief. This would assist with retention and supply and would, in turn, incentivise new investment.

Mr. Patrick Davitt: I am delighted to be here with Oireachtas Members today. I will first talk about rent pressure zones, which are creating a two-tier rental market. The maintenance of quality accommodation is not economically justifiable where RPZ rules apply. The capital value of properties subject to the RPZ rules are dropping because many properties are rented at well under market rent and when landlords sell these properties, they have to sell them at investment value and, hence, must right down the value of the properties. Properties of non-institutional landlords who leave the market are often replaced by new properties at much higher rents that are owned by institutional landlords. The constantly changing and very challenging regulatory environment, as well as the drastically unequal taxation treatment of such landlords by comparison with other landlords, is a real factor in the marketplace. On the latter point, there has been such a high level of interference in the market that some landlords are now holding properties out of the market. New legislation of June this year, which increases the notice periods for termination, will further hasten the exit of small landlords.

Another point I would like to make is how decisions are being made on the back of seriously incomplete data. Every time there is a new Daft or Myhome report on the rental sector, we hear there are only a limited number of properties available to rent. This is very concerning to us because neither portal can tell anyone how many properties are in the rental market overall on

any given day of the week. They can only measure what is on their portals, and this is nowhere near the complete picture.

On the subject of portals, I wish to talk about the RTB 360 portal. Some Deputies may have received correspondence on this from their constituents. It is another portal that is causing a major problem for landlords and their agents. The RTB 360 portal was launched in November 2021 and it is simply not fit for purpose. No prior discussion took place with those who use it. It was not tested by a single agent or landlord before it went live. On 4 April 2022, new legislation came into effect requiring landlords to register each of their tenancies with the RTB every year. This must be completed within one month of the anniversary of when the tenancy began. A four-month transition period was provided for tenancies which have renewal anniversaries between 4 April and 3 July 2022. This transition period ended on 3 August 2022. A massive portion of attempted registrations on this portal are unsuccessful. When such systems are introduced, the norm is that the old one can be referenced when needed and relevant data retrieved. That is not the case with this one, however. The old system disappeared overnight. No one can access their previous data, some of which was built up over the previous 17 years. The cost of this to agents is huge in downtime; extra resources are needed and there are costs in staff time in attempting to deal with a system that is not functioning. I would safely say that even someone with a technology degree could not master it. Morale in estate agents' offices is seriously impacted and many agents are seriously considering their future in the rental market, given the excessive costs of doing business with the RTB. Agents now face the threat of late registration fees, despite the fact that the issues are not of their making. The failures are so widespread and extensive, which they have now endured for so long, that we believe it is time for the RTB to scrap the system and build a new one, despite its cost of €7 million. Bad technology on day one is simply bad technology, and given the failure of all attempts to fix to date, it will likely never be corrected, not to mention the cost to the State.

In fairness to the CEO of the RTB and his staff, they are doing a great job in attempting to turn a sow's ear into a silk purse. I imagine they are overwhelmed with emails, letters, telephone calls and complaints, yet they remain helpful and pleasant. The IPAV has tried to help. We got the RTB to agree to a working group and RTB staff visited agents' offices to see the problems for themselves but to no avail. The system is still dysfunctional. Regardless of the chaos of this system, the Department of Housing, Local Government and Heritage has insisted on the annual renewal date for all registrations. The law must be amended immediately to change the renewal date until a functioning system is in place. In fairness to the RTB, it has decided to refund all payments and penalties, which is a huge problem in itself and adds to its workload. I call on the Minister for Housing, Local Government and Heritage to immediately intervene and provide whatever finance or resources are necessary to fix the problem, even if it means the complete withdrawal of the system. We are of the view that a new portal is needed, one that is properly tested by agents, landlords and other users before it goes live.

Over four years ago, IPAV members were reporting a new trend emerging of small private landlords leaving the market. To get some sense of how prevalent this was, we decided to do a survey of our members who reported that what we were hearing was, indeed, accurate. In July 2018, we published data on this worrying trend. This publication was greeted with a fair degree of scepticism and some derisory commentary. There was disbelief that small landlords, at a time when rents were so high, would even consider leaving the market. I have a post from an agent in Cork that was published on LinkedIn a number of days ago. It is the story of where we are at the moment in the marketplace. It simply states:

Feeling sad today. Given notice of termination to a lovely tenant and family. The landlord's mortgage repayments are up €300 per month (1.25%). Rent can only be increased by €25 as the property is in a rent pressure zone. The rent for this home is at 60% below the open market, or the market value of property in the area. 60%. And the tenant would gladly pay more money for this property and will be paying more in their next property, but landlords and tenants are losing out due to the rental regulations in the RPZs that are not working. Rent pressure zones are many years in operation and are only making the rental market more dysfunctional. When are we going to cop on and admit that this experiment is not working?

Vice Chairman: The remainder of Mr. Davitt's statement is available to the members and they will have considered it. I thank him but I need to be fair to everybody in respect of the time allocated.

Senator Mary Fitzpatrick: I thank all our guests for attending, for providing their statements in advance and for the ongoing work they all do. This is a very challenging sector of which we are all acutely aware.

I have some questions about the proposals and suggestions made by Threshold, the first of which relates to renters, to giving them more support and to the reintroduction of the tax relief for them, something we have been arguing for as a party. Is it proposed that this would be applied regardless of income? Is it tax relief across the board and do our guests have any idea as to what the costs would be?

On the proposal to establish a €20 million rent arrears fund, how would that be administered and who would administer it? Again, would it be open to all renters or just to those in receipt of rental supports? Ms O'Reilly mentioned looking for changes in the arrears legislation. What changes is Threshold proposing in that regard? She acknowledged the increases in the HAP rates, and while the homeless HAP rates are certainly helping in some instances, it is an incredibly challenging situation. As Mr. Davitt described, it is really difficult for people on the coalface. By how much would it be increased and would that be in addition to, and over and above, the homeless HAP rates?

Threshold has also suggested further funding the homelessness prevention budget by 20%. What exactly would that fund be used for? Would it go into homeless HAP payments, into paying for more private emergency accommodation, into local authorities purchasing housing with *in situ* tenants or, potentially, into providing long-term leasing? How do our guests foresee that approximately €40 million being used?

On reducing the capital gains tax for landlords, what has been Threshold's experience in respect of the tenant *in situ* option that is available? I also would be interested in the property representatives' views in this regard. Where a tenant is *in situ*, the landlord is selling and the local authority has permission to purchase the property, is that not working? Is the landlord not already getting the benefit of a certain sale at the market rate without any of the costs of sale, advertising or commissions or of having to invest in the property to present it to the market?

I apologise for the number of questions but this is an important discussion.

Ms Ann-Marie O'Reilly: We have spent some time looking at how a tax relief for renters could be introduced in a targeted fashion, but where something is proposed to be delivered via the tax system, it can be difficult to do that. Approximately one fifth of private renters are in

receipt of HAP, and while there may be challenges and difficulties with that payment, it offers some form of relief and it is likely that many people in receipt of it may not be able to avail of a tax relief, which would leave only people earning more than a certain sum. I do not see a way in which the tax system could have a cut-off point, whereby someone earning above a certain amount would not be eligible for it. There may be people within the Department of Finance who could figure out a way of doing that, but what we propose is a general tax relief.

As regards cost, it would depend on whether there is a cap on the relief. At present, with medical expenses, for example, the relief is 20% and there is no cap on that, as far as I am aware. I would be delighted if the same were brought in for private renters but I do not envision that being the case. If, on average, €1,000 were refunded through a tax relief to private renters, it would cost approximately €220 million, assuming those HAP households were removed from the equation.

As for administering the rent arrears fund, we envisage that operating via the likes of the Money Advice & Budgeting Service, MABS. At present, if someone in any kind of arrears approaches MABS, it will assess what money is coming in and going out. Such assessments are done through the mortgage arrears resolution process, MARP, for people in mortgage arrears and then at the end, MABS will say how much the person can afford to ensure he or she will have enough left at the end of the day to meet his or her needs. If it is the case the person cannot afford to start paying back the arrears in a fashion that is timely enough for the landlord, we propose MABS could then tell the person that he or she could avail of this rent arrears fund, get a long-term loan, perhaps at 0%, which was a possibility even six or eight months ago, or even a low-interest loan to allow the person to pay back those arrears over a longer period and stay in the home, while the landlord would not be out of pocket.

On increasing the HAP rates, we have referred to that in our pre-budget submission. The ESRI has recommended the rates be increased to ensure a certain proportion of properties in a local area are available for HAP tenants, which would have to be done on a local authority basis, similarly to how the rent supplement is reviewed every year.

With the homelessness prevention budget, we are looking specifically at measures that would target people who are at risk, and a lot of people do not necessarily identify themselves as being at risk in some way. These kinds of measures would come in at the very early stages to prevent people from entering homelessness but there is no reason that could not be extended, as the Senator suggested, to leasing and so on.

Senator Mary Fitzpatrick: How would the budget be used?

Ms Ann-Marie O'Reilly: The section 10 funding, as it stands, is very much for services, so we are proposing to use that funding.

Finally, on the tenant *in situ* purchase option, we are not seeing a lot of it and it may need more support, encouragement or funding from central government. I am not sure but, as of yet, we have not seen a lot of it.

Deputy Eoin Ó Broin: I thank all our guests for their presentations. It is important we hear from all sides in this debate given the serious issues in the sector. I acknowledge also the recent research of the IPOA and IPAV. It is a very important contribution. Whether or not one agrees with the individual proposals, it is valuable to have that dialogue.

It is important we acknowledge that the private rental sector is at a turning point and, there-

fore, we have to think about the longer-term consequences of whatever the Government or the Opposition argues for doing today. There has been far too much short-term, knee-jerk reaction, both during the Celtic tiger era and more recently, and that has created the kind of instability Dr. Byrne outlined earlier. I am increasingly of the view our private rental sector probably grew too big too quickly, and that is not a criticism of anybody who invested in it. Government policy incentivised much of that investment during the Celtic tiger era and some of the issues we are now dealing with are the outworking of that growth.

It is absolutely the case that the main problem we have had relates to the lack of delivery of social and affordable housing from the 1990s to the present. One third of all private rental tenants should be in social housing. There are almost 100,000 people between HAP, RAS and the rent supplement. Again, that is not the fault of landlords or landlord organisations but rather is a failure of the State to ensure an adequate supply of social housing. Moreover, many people in the private rental sector should be in cost rental or affordable owner occupation and that has to be borne into our considerations. I have some sympathy with the landlord organisations in regard to badly designed rent regulation creating a two-tiered market, which is causing problems not only for their members but also for many tenants, and I would make the same point about the inequities in the tax treatment. The idea that some categories of landlords pay no tax at all on their rent or capital gains is just absurd and I do not see how anybody can justify it, so I agree on that point.

Nevertheless, I want to put on record two points about State support for landlords, the first of which relates to the fact that rents, even within rent pressure zones, have increased over the past five years. Depending on when a rent review fell it was possible for some landlords to increase rents by as much as 22%, 20% or 18% over five years within the rent pressure zone legislation. This is a matter of fact and we should not lose sight of it. It does not mean all landlords increased their rents by these amounts but it was permissible under the rules. It is also important to acknowledge that mortgage interest relief increased back to 100% in 2020 from 75% in 2016. This is a significant taxpayer contribution. I am not making these points to be critical, I just think they are part of the overall picture that we need to bear in mind.

My first question is for Dr. Byrne. To take his argument to the logical conclusion it is not just about giving people an exit out of private rental and into social rental, cost rental or another scheme. Is there an argument, as was made in a paper he recently shared from the Joseph Rowntree Charitable Trust, to look at policy instruments to redistribute properties from the private rental sector to the social rental sector and owner occupation? Threshold has proposed a policy of capital gains relief for tenants *in situ*. Do we need to look in a co-ordinated way at making sure that as landlords leave, we make every effort to try to keep tenants in those properties, whether they become owner occupiers, cost renters or social renters?

My next question is for Threshold. As is absolutely their right, the landlord organisations have made the case that within rent pressure zones an existing landlord where there is a change of tenant can reset the rent up to the maximum allowed on the market. What would be the consequence of this for the people Threshold represents given where those asking rents are, particularly in high-demand areas?

My next question is for the Irish Property Owners Association. On the basis of the figures provided, the specific tax relief it is calling for would cost the Exchequer approximately €300 million. This is a very big sum of money. If the Opposition is to support this measure, we would want to be sure that it would do what it says it would do, which is to keep landlords in the market. Given the age profile Ms Conway has outlined, is it not the case that many of these

landlords, as they move to and beyond pension age and particularly given where house prices are at present, have an incentive no matter what the tax take is to sell the property to get a lump sum at this point? Many of these landlords invested for this reason. How sure is the Irish Property Owners Association that if it got this €300 million for the sector we would not still see an exit of accidental landlords and what I call pension-pot landlords from the market?

Dr. Michael Byrne: I thank Deputy Ó Broin for the question. As part of the background to the question, which is extremely important, I will zoom out from the current issues in the private rental sector and from the Irish private rental sector in general and look at the international context. Ireland is just one of a number of jurisdictions that have experienced a rapid rise in the private rental sector and a decline of home ownership during a very similar period. These countries include the US, the UK, New Zealand, Australia and Spain. What is very noticeable from the international evidence is that all of these jurisdictions have experienced similar problems, with residential instability and evictions becoming a characteristic feature of poverty in a way they were not before and with rent increases becoming more common and more difficult to control. Various countries have responded to this in various ways. Some, such as Ireland, Spain and parts of Germany, have introduced rent regulation. Others have not. Some, such as Ireland and Scotland, have strengthened security of tenure and others have not. There have been various responses. The issues are remarkably similar in various jurisdictions. This evidence strongly suggests that experiencing a rapid increase in the private rental sector, which is the most insecure tenure, tends to generate general systemic problems in the housing system. Ireland's problems are particularly acute because it happened in tandem with a catastrophic collapse in supply.

Mr. Brendan Allen: I cannot give the Deputy an absolute guarantee on the tax relief because life is like that. Our idea is to try to keep properties in the rental sector and one potential way to do that is by using capital gains tax relief. More importantly, the Deputy mentioned the owners' age profile. When those owners pass on the properties to their children, they will pay capital acquisitions tax at 33%. If they were in another business there would be business relief or dwelling house relief. These are not available. This is one challenge we have. Were capital acquisitions tax relief available, there would be a high probability that the property would stay within the market.

I want to comment on another issue. We have to understand that landlords are not the enemy. We are part of the solution. REITs were brought into the market at a time when we needed them but their time has passed. Now we have an inequitable situation whereby they do not pay tax but our members pay 55% tax. It is grossly unfair.

Vice Chairman: We have time constraints. Perhaps we can pick up this point in a later round.

Deputy Eoin Ó Broin: My question for Threshold might also be picked up later.

Senator John Cummins: My first question is for Ms O'Reilly. In her opening statement, she said Threshold has heard that some local authorities are unable to provide emergency accommodation and turn away people. What local authorities are these?

Ms Ann-Marie O'Reilly: I will come back to the Senator, if he wishes, outside of the meeting.

Senator John Cummins: In fairness, the committee will have seven local authorities be-

fore us in November. It is important for us to hear which local authorities are turning people away if it is the case.

Ms Ann-Marie O'Reilly: I would prefer to come back to this outside of the meeting. It is something we want to work through with the local authorities and build on the relationships we have with them. I do not think we would do anyone justice by naming and shaming at the meeting today. I can certainly come back to all members of the committee on this, if they wish.

Senator John Cummins: Ms O'Reilly is stating categorically that she is aware there are local authorities that are turning away people right now-----

Ms Ann-Marie O'Reilly: Yes.

Senator John Cummins: -----but she is not willing to share the names of the local authorities.

Ms Ann-Marie O'Reilly: I will do so separately to this meeting.

Senator John Cummins: I thank Ms O'Reilly.

I have questions for the IPOA and IPAV. I will preface my remarks by saying I am a renter. There are a number of reasons cited as contributing factors as to why Threshold has dealt with more notices to quit in the past six months than it did prior to the pandemic. We are all aware of them. Prices have risen. Many properties have gone out of negative equity and landlords are leaving the market because it is no longer a desirable profession. We will tease out some of the reasons this may be the case. The witnesses have cited issues with taxation, inefficiencies and bureaucracy of regulation and specific issues with the RTB. I want to look at some of the additional points that often do not get spoken about but that I hear about privately as an Oireachtas Member when I deal with these matters. Do both organisations feel that landlords have been vilified by so-called independent commentators and many Opposition politicians when speaking about the rental market, although they all know the importance of having a proper functioning rental market and the importance of having landlords? Do they feel this has been the case in recent years?

Mr. Patrick Davitt: There is no doubt this is the case. It is the case today. Ms O'Reilly of Threshold has spoken about a fund. At present, when tenants stop paying their part of the rent, the housing assistance payment is also stopped and the landlord is immediately left with no rent. This proposal would help greatly with the problem because were landlords to get the bigger part of the rent, which is the HAP part, they may well be happy to leave the tenant in the property without seeking to put them out. The tenants may only be paying a small part of the rent, perhaps 10% or 15% of it, but the minute they stop paying, the housing assistance payment is also stopped and the landlord has no rent. If the fund mentioned was in place, it would be helpful for the marketplace. With regard to vilification, we have spoken about landlords evicting tenants and looking for vacant possession. If county councils were happy to buy properties for the market rent and at the market value of those properties, why would landlords not sell them the property tenanted? What is the problem? There is none except that the county councils and people will not pay that value for properties because they are being rented at half their value. That is the reason.

Senator John Cummins: I might move that along because I have a few other follow-on questions. We have all heard the comments and policies being proposed in regard to a three-year rent freeze. The left-wing Berlin government proposed a five-year rent freeze and within

12 months, not only had that been struck down by the supreme court but it had resulted in a 50% reduction in the number of rental properties available. If the Government were to introduce a three-year rent freeze, would that result in more landlords leaving the market?

Ms Margaret McCormick: Absolutely. There is no question but that we would lose more landlords. We need to stem the exodus of property owners from the sector. It is a totally dysfunctional market and we need substantial and meaningful change to the tax treatment to prevent that. This is an emergency. For six years, the RPZs have been in place and levels of rent have been restricted depending on when the landlord went into the sector. When the RPZs were introduced, there was one level and landlords were restricted to that level. The indebtedness of a landlord was not taken into account in regard to the restrictions and the degree to which they are allowed to increase rents. For a highly indebted landlord, if costs are increasing and the income is restricted, that is just not workable as a business. The yield is too low and trades are running at about 30%, but landlords are restricted to 2% increases and the mortgage interest rate has increased. It is just not functioning.

Senator John Cummins: A rent freeze, therefore, would certainly result in a further loss of landlords. If the sale of a property could proceed only on the basis that the purchaser agrees to accept the sitting tenant and to comply with the existing rental contract, would that result in more landlords leaving the market?

Mr. Patrick Davitt: Yes, because the landlord would not be able to receive the proper price for the property, and that is the problem with the market rent not being achieved.

Senator John Cummins: Finally, if the Government were to link any future rent reviews to an index based on tenants' wages and landlords' costs, would that result in more landlords leaving the market, if our guests even understand what that means?

Mr. Patrick Davitt: I do understand what it means, but if the Government were to link all rental together and allow all landlords to get the same rent for their properties, that would be perfect because that is what we are looking for. We do not want to have a two-tier rental market where one person gets one sum and another gets another, because how can the second person survive if the first one is barely surviving on the higher amount? I cannot see how that would work because, obviously, all tenants have different incomes.

Ms Margaret McCormick: It would have to be predicated on market rent and at the moment it is not. We are renting at substantially below market rent, so it is impossible.

Senator John Cummins: I might make one final point. As we know, all of what I outlined has been proposed by the main Opposition party. I have many examples from auctioneers from throughout the country, not only from my only county, Waterford, that the policies being espoused by Deputy Ó Broin and many others in the Opposition parties are resulting, right now, in landlords leaving the market. Can our guests confirm that is the case?

Vice Chairman: In the Senator's own words, he was making a point rather than asking a question.

Senator John Cummins: For the record, the answer to that question was "Yes".

Deputy Francis Noel Duffy: I thank our guests for their time and enlightening discourse from the perspectives of both the tenant and the landlord. As they mentioned, the overarching issue underpinning rental inflation and instability relates to the chronic shortage of housing

supply, that is, a landlords' market where demand outstrips supply. As I understand, housing delivery is picking up, including social and affordable housing, which should stabilise the housing crisis and, therefore, rents in the future. Cost rental is the key to this, whereby the State steps in to provide rental property at affordable prices. The model provides affordable, high-quality, warm and secure rental accommodation, freeing up more homes to the market. In the short term, however, as mentioned by Threshold, we need targeted measures. I welcome that group's proposals, specifically the tax rebate, which I recently pushed myself and submitted as a target budget submission.

On the issue of evictions using sale as the reason, which was cited by Dr. Byrne as being responsible for almost 70% of family homelessness. I personally pushed to remove this as a ground to end tenancy by allowing tenants to stay *in situ* when the house is being sold but, unfortunately, this has not been accepted by the Government. I also proposed a measure that alerts local authorities to evictions to ensure they are given enough time to assist families at risk of homelessness and of entering accommodation. Notice periods have increased significantly. The minimum notice period is now 90 days and can reach up to 224 days. This gives tenants a significant period in which to find alternative accommodation if it is available, which, as I know personally from many people coming to me, it is not.

Does Ms O'Reilly know if the increased notices are working to reduce homelessness from the rental sector or are they just delaying the inevitable?

Does Ms Conway believe a new model of rental would work whereby dwellings would be designated as rental, thereby allowing stock to be sold with tenants *in situ*, akin to how it is done with commercial property?

Finally, does Mr. Davitt have annual figures for how many landlords are leaving the rental market?

Dr. Michael Byrne: I might take the question on the new notice periods. I feel they are delaying the inevitable. Supply cannot catch up, when it is needed in such numbers, in such a short period. The maximum notice period is 224 days, as the Deputy noted, and that has been the case since 2015, but the fact the minimum, for a tenancy of under six months, is 90 days is helpful. The shorter period is more applicable to a younger cohort of tenancies. The length of tenancy does not change depending on the tenant's age, but many of those tenancies would apply to a younger cohort who tend to be more agile in being able to find alternative accommodation, and in that way it is helpful.

In any event, I feel it is just delaying the inevitable. Supply is not going to catch up quickly enough to make any tangible difference.

Ms Margaret McCormick: In cases where we have to sell with a tenant *in situ*, that devalues the property significantly. The rental yield, generally, is low on a lot of the properties that are caught in this situation and the value to an investor is predicated on the property's income. There is no comparison between the commercial sector and the residential sector. The former comprises full repairing leases. None of the responsibilities are on the landlord for repair and maintenance of the property's standards, so it is a completely different market. If a landlord tries to sell with a tenant *in situ*, it will limit the options to investors, and the investor has to get an income from the property that makes financial sense, so it will substantially devalue it. Even the fear of that is leading to people leaving the market. We are looking at pensioners and people who rely on the income from their property as a pension. An annual income is much better than

selling and getting a lump sum, and to stay in the market they need to get that annual income.

The entire market is dysfunctional and the legislation on it is constantly changing. I counted this morning. Since 2009 there have been 88 statutory instruments on this legislation and there have been 21 changes in Acts. There is no confidence or stability in the market. The market is dysfunctional. It is constantly changing. There is nothing there to keep a member in the market. We need to keep property owners in the market. In a lot of cases people are saying to me that their tenants are going to move, because they know they are going to move on, and as soon as they do they will move out. Financially, it is not worth it and legislatively it is difficult, if not impossible. It is prescriptive and it is not outcome-focused. It is really awkward and continually changing. There is no mechanism to bring rents up that are substantially below market rate. There is no fairness in it. We can only take one month's deposit but it takes two months to serve a notice of termination for non-payment of rent. The legislation is flawed. It just does not work. It is not balanced in any way.

With regard to investment, in 2006 19% of mortgage lending, or €7.9 billion, was borrowed. In 2021, 1.4% or €143 million was being borrowed, down from €7.9 billion.

Mr. Patrick Davitt: To answer very quickly the question asked of me-----

Vice Chairman: We are out of time so I ask Mr. Davitt to give a very short answer.

Mr. Patrick Davitt: We do not have figures on how many landlords are leaving the market. The body I spoke about earlier is supposed to have the figures but it does not have them either, which is very unfortunate. The Deputy spoke about the 90 days for tenancies of up to six months but when any tenant takes a property, they take it on the basis that there is a six-month probation period for the landlord. Why would they want 90 days to get out at the end of that six-month period? That is beyond me. I cannot believe it. If somebody takes the property, they know very well about the period of six months. Why would they need another 30 days at the end of the six months? They should be prepared to go into a property and the landlord has permission to put those tenants out after six months if they do not get on with them, are not happy with them or if they are not paying the rent etc. Those are the only reasons a landlord would want to put somebody out prior to the six months and now they have to wait for 90 days. I do not believe there is one case where somebody is looking to eject a tenant and it actually works in the timeframe the Deputy is speaking about. It could add 90 days again and again, up to 200 days. We are talking about years here, not days.

Deputy Richard O'Donoghue: In my line of work, I am in construction and have been all my life. I look for the supply to rental accommodation. Nobody is building now for rental accommodation in our area. There is no one. In the other sector, very few people are buying houses for rental because they see all the criteria that surround that. I am very fortunate that in our area I know some fantastic landlords, and fantastic tenants, but there is a minority of poor landlords and poor tenants. The good landlords and good tenants are being tarnished with the same brush as the bad landlords and bad tenants, which is causing a major problem. We are also having problems with the units in our area because if people want to invest in them they cannot because there is not enough proper infrastructure to build there with the planning process that is in place.

There is also the issue of the quality of the houses people are renting. As I said, I know some very good landlords and the tenants look after the house as if it is their own. They have built a life there and people are happy. I know people who are in rental accommodation for nine or

ten years and they do not want to move because they are very happy with the situation. The landlord is very happy with them and they have worked it out among themselves. However, I have seen other situations where bad landlords have despicably bad houses and do no maintenance. Even after the council comes in and tells them to improve the situation, they will not do it because they know they can get someone to move in tomorrow morning anyway because of the housing shortage. That is a huge problem in certain areas. What do the witnesses think would hold onto good landlords? Could a system could be put in place to grade the landlord, and grade the tenants, so we can separate the good ones from the bad ones? Then we could deal with the problems, rather than changing legislation every three or four weeks or trying to change different sections every week for a minority of people. Good tenants will not want to move and good landlords will not want to raise rents. They work with one another. The goalposts are moving the whole time in the sector and these bad landlords seem to be the ones we are talking about an awful lot.

There are certain cases where landlords try to get double the rent from people because they have properties with massive mortgages on them. They are trying to get back not only the interest but part of the property to see if they can get a way out. What can we do to help the good landlords and the good tenants, while at the same time bringing the stock that is there up to standard? That might mean getting local authorities involved or something. What do the witnesses see as a way forward?

Ms Margaret McCormick: There are housing standards and regulations for rented houses. They need to be and normally are enforced. The problem with them is that the assessment criteria is a pass or fail. If there is one thing wrong, like a vent blocked or something missing from the kitchen, it is a fail. We already have a system there that can be used. Properties can be inspected and dealt with. Looking for something more is just going to add more bureaucracy and more time, energy and cost to the running of the property. If we have to bring in something that is done on an annual basis, we would have to pay somebody to do it and get them into the property to do it. If the property cannot be let without that, then we will have massive issues until we can clear that. There is a cost and bureaucracy associated with that. The vast majority of rental accommodation was built in the past 30 years. Such a huge proportion is new property that there should not be problems with it. It just does not make sense to bring something else in that is going to cost more. If there is a problem in a property, the local authority is already charged with inspecting it. It can deal with the inspection and ensure the-----

Deputy Richard O'Donoghue: I am sorry to cut across but the statistics should show areas and where the main issues lie within the rental property. There are always people who float but we also have people who have a five-year plan. They come to Dublin or wherever and they have a future plan. I have seen those young couples come to Dublin with their future plan and they want to move back down. There are sectors within the rental industry that are good and there are sectors that are falling between the cracks. We need to look after the ones that are falling asunder, where there are poor properties. There have to be statistics.

Ms Margaret McCormick: You have no idea-----

Deputy Richard O'Donoghue: The social system is there to deal with that. The councils have that responsibility. Ms McCormick talked about the criteria and failing for one or two things but we could have a system that put those under the heading of minor faults and then there would be serious faults as well. With planning permission, there are constant objectors. If we put landlords into grades people could see if they were tier 1, for example, or tier 10, which would mean there were big problems.

Ms Margaret McCormick: Within the existing framework of the housing standards we have, there are assessment criteria. It is something-----

Vice Chairman: I am conscious that the Deputy only has a short time left in his slot. Has he asked all his questions?

Mr. Brendan Allen: Can I come in to answer this?

Vice Chairman: It is up to the Deputy to direct the question.

Deputy Richard O'Donoghue: That is fine.

Mr. Brendan Allen: The Deputy asked how we can improve the situation. Currently, the tax relief for renovating a property is spread over eight years. The tax relief should be offered upfront or even given for some of the other green initiatives that are available. They are not available to landlords because they are not deemed to be trading. If we had a situation where they got tax relief immediately and if that was made available to them, it would certainly improve the housing stock. It is not available at the moment. There are-----

Vice Chairman: We are out of time. I know Dr. Byrne wanted to come in on that. I have to move on to the next speaker but I flag to the other members that Dr. Byrne wanted to comment on that. I call Deputy Cian O'Callaghan.

Deputy Cian O'Callaghan: I thank those who have come in and presented to us. I know from talking to landlords in my constituency that issues around the registration with the RTB have caused a huge amount of stress and distress, and have certainly been cited to me as a reason for people exiting, as well as failures around the RTB in terms of enforcement and so forth.

I am constantly meeting younger people in my constituency in their 20s and 30s who are living at home with their parents and who want to be out of their parents' home and want to be renting privately or be able to buy. They are saying to me that they feel the only option they have because the situation is so tight and so fraught is to consider emigration. That is potentially a huge amount of skills that we are going to lose, so we are in a very serious situation. I agree with other speakers that the lack of building of social housing, cost rental and affordable purchase over the years is one of the factors that is putting the private rented sector under extreme pressure.

I have several questions for Dr. Byrne. It is fair to say he has been a very strong advocate of making improvements in the private rented sector over the years and in terms of cost rental. If I understand him right, he is saying that a legitimate goal of housing policy for the Government would be to slow down the growth of the private rented sector or even stop the growth in the private rented sector. Can he expand on that?

Dr. Michael Byrne: I am increasingly influenced by the evidence in Ireland and internationally. Essentially, while the reform of the private rental sector, PRS, that has taken place has been in general progressive and important in the Irish context, it is also clear that the structural issues have proved intractable. The impact of increased regulation, some increases in security of tenure and rent regulation has not achieved enough in terms of affordability and residential stability. That is echoed in other jurisdictions. The international evidence suggests that it is the rapid growth of the private rental sector itself that needs to be at least considered. That is the point we are at now because a lot of the other things have been tried, essentially. If we reduce demand for private rental sector housing by increasing the availability of social and cost rental

and increasing access to home ownership, that would free up the existing PRS stock for young people living at home, as mentioned by the Deputy in his statement.

Deputy Cian O’Callaghan: I have a follow-up question. The IPOA listed the amount of change in the private rented sector since 2009. For any sector to have faced such a huge amount of change in regulations means it is very difficult for people to navigate and manage that, and I do not think that is the way to do things. It should be about whatever fundamental reforms are needed on an agreed basis and with consultation, but not changing the goalposts several times a year, which is a disastrous approach to take.

I have a further question for Dr. Byrne. He mentioned in his statement that rental subsidies are very expensive and they run the risk of rent inflation, and he mentioned HAP in particular. Are there other forms of rental subsidies that we need to consider, for example, tax relief? Is that a form of rental subsidy and what sort of risks are there around tax relief? What is Dr. Byrne’s view on that?

Dr. Michael Byrne: The taxation issues are not part of my area of expertise so I would be reluctant to comment on them. Certainly, the affordability concerns in the sector make their own case for support of that nature for tenants.

With regard to HAP, one of the most important and immediate changes that needs to take place is to allow HAP tenants to apply for cost rental housing. Currently, tenants who are in receipt of HAP cannot apply for cost rental housing, which means one of their major avenues out of the private rental sector is cut off. This is something that can be easily addressed and should be addressed immediately.

Although the regulatory situation has been challenging and piecemeal, it is also true that there has been an enormous increase in investment in the private rental sector over the last three years. Investment in the private rental sector now makes up more than 40% of all commercial real estate investment in Dublin, so it is important we do not lose sight of the extraordinarily favourable market conditions that have driven a very rapid rise, although that has been in the institutional sector.

Deputy Cian O’Callaghan: I strongly agree in terms of cost rental being available to people in receipt of HAP. On a question for Threshold, its opening statement referred to rent increases outside of rent pressure zones being as high as 60% or even double, and this is something I have come across. Needless to say, no one can sustain those sorts of rent increases. Does Threshold think there is an issue with the criteria around rent pressure zones and how an area becomes eligible or not in terms of the data? Does that need to be looked at? For the 25% of the country that is not covered by rent pressure zones, in some of those areas there are very high rent increases and they do not qualify. What is Threshold’s view on that?

Ms Ann-Marie O’Reilly: As I understand it, there are sometimes not enough tenancies registered in an area for the calculations to be done to warrant designation as a rent pressure zone. That is problematic for people on the ground where there may be only five new tenancies registered in that local electoral area, LEA, in that year but they have all had significant rent increases.

Rent regulation should only ever be a temporary measure while the long-term solutions are put in place. We are now six years into rent pressure zones. We should be further along in delivering affordable housing, social housing, cost rental housing and so forth but, unfortu-

nately, further consideration may need to be given to how the rent pressure zones, RPZs, are designated.

Deputy Cian O’Callaghan: I have a final question for Mr. Davitt. He spoke about the RTB and the frustrations around the registration process. Will he explain this with regard to dispute resolution and the view of his organisation with regard to how the RTB is performing? Does that cause issues?

Mr. Patrick Davitt: It is causing issues. Even though the RTB says it has particular staff dealing with the issue to which the Deputy referred, the determination orders, we find the delays are incredible in trying to get staff to even talk to landlords about determination orders and how they can get them. As to the disputes that arise along the way, when the dispute hearing is held, the length of time to come back to the disputers is, if not all of the time then a lot of the time, not inside the timeframe set by the RTB, which is a problem for everybody. There is a huge problem with staffing at the moment because of the fact of the new RTB portal. It has obviously been trying to sort it out but it has been moving a lot of staff to those areas, which is what is causing the problems.

Vice Chairman: I am glad I did not cut off Mr. Davitt that time as I have cut him off every other time. I was feeling bad.

Mr. Patrick Davitt: It is the story of my life.

Vice Chairman: I call Senator Moynihan.

Senator Rebecca Moynihan: First, I have sympathy for landlords who, as a result of the crash, ended up in negative equity, needed to hold onto their starter home and became accidental landlords. Most of them did not want to be landlords and they are now selling on as property prices are reaching pre-peak levels. However, I do not have sympathy for the lobbyists asking that they can pass on a property portfolio with a 90% CAT write-down, equating to €3.5 million worth of an asset, and stating this will somehow provide a guarantee for the next generation while locking out from homeownership a generation of people who come from a less privileged background. As lobbyists, I commend them on managing to equate themselves with institutional investors, using words like “inequality”. However, I firmly believe they should not be expecting the private renter, paying income tax on their own income that they work for daily, to pay both their mortgage and provide them with investment income. I am one of those people who is lucky enough to have a mortgage and secure housing. If I was to rent out my house at market rate and was treating it as a business and as my only income, it would be a long time before I hit the top rate of tax. What landlords collectively are complaining about is paying the same tax that most workers in this country pay.

We have a problem with funding housing supply and that is one of the main problems about the crisis we are having in the private rented sector because we are simply not supplying the houses that we should. Most of us agree that rents are beyond the reach of many and the incomes that are set, all while people are dealing with an inflationary crisis. What the landlords here are stating, however, is that if rents fall, they will leave the sector. Renters cannot expect to have affordable rent linked to their income unless it is delivered by the State. Rather than vilifying landlords, as Senator Cummins stated, this discourse is probably just telling some hard truths from the perspective of renters to a vested interest group that wants all the flexibility but none of the conditions that come with providing people with the fundamental right of a home and security. It is clear that the private rental sector cannot and will not fulfil the housing needs

of the population.

I do not see the argument for supporting landlords but I do see the argument for supporting renters. In the long term, that means putting people who belong in the social housing sector back into secure tenancies and cost rental, and not relying on the private rented sector to meet that social need. Any initiatives and incentives should be linked to the cost or to affordable rental and giving tenants security of tenure which, in my opinion, is a greater social need than people realising a full investment on their speculative asset. Most renters want to be able to buy that investment. It is not commissioned housing stock that investors are buying but they are competing with people and taking housing from them. I firmly believe that renters should have security and that security should be tied to their tenancy, not to their landlord. We need to ban evictions on the basis of landlords selling the property. Those buying a property as an owner-occupier should be able to move into it but if the property is being sold to another landlord, the tenant should have security of tenure. That may be a controversial opinion in this room but I do not think it is controversial among the public at large.

Would some of the landlord lobbyists be willing to participate in a buy-to-rent scheme where people give landlords pension income but would be able to buy the capital asset at the end if that was done?

What are the two things Threshold would do on immediately? All present agree that meeting social housing need through the private rented sector is not working. If there were two things Threshold could bring in, not just in the budget but generally, to stem the push of people from the private rented sector into homelessness, what would they be?

I am interested in Dr. Byrne's point in respect of home ownership. What initiatives would he put in place to support home ownership and people going from the private rented sector into home ownership?

Mr. Patrick Davitt: I will kick off. I will not be cut off this time because I am in first.

Vice Chairman: Mr. Davitt is very quick.

Deputy Eoin Ó Broin: Maybe he is not quick enough.

Mr. Patrick Davitt: The sale of investment properties from landlord to landlord is of course possible. I heard the Senator speaking on this issue on a radio programme this morning. Of course, it is possible. The ideal scenario is for a landlord to be able to sell a tenanted property to another landlord. So long as the rent is at the right price, the seller will get the proper market price for the property. If the rent is not at the right level, however, the seller will not get the proper market price and no investor will pay for it. It is unfortunate but that is the way it is.

I also heard the Senator speaking about long-term rents. Landlords are quite happy with ten-year rents. The Senator was discussing them in the context of commercial rents and residential rents. Those are completely different. If ten-year rents were to come in and the ten-year agreements that apply to-----

Senator Rebecca Moynihan: I was talking about security of tenure-----

Mr. Patrick Davitt: -----commercial rents or on a commercial basis were to be introduced, landlords would be quite happy. There is absolutely no problem there because, to landlords, ten-year rents would be ideal. It is a great covenant. The landlord would be able to sell the

property, providing that it is rented at market rent. In that scenario, it is a different thing. Some of my friends may wish to comment.

Ms Margaret McCormick: On the ten-year rent situation, there is no confidence or stability in the market. The legislation is changing constantly. If a landlord were to invest, the risk is with the landlord in that situation. For example, the legislation may change and the landlord would be restricted and unable to sell the property. It is such an uncertain market that it is very difficult to consider something like that. Some years ago, the IPOA brought in an initiative known as Home for 12. It proposed that we would give 12 years on the basis of four-year rights but, at the end of that, we could take back properties because the legislation allowed it. We now have indefinite tenancies and the legislation only allows us to take the property back if we are selling or need it for a family member. Going forward, we would have the same issue. If a person enters into an investment but the rules change midway through and the investor is in a ten-year situation and cannot sell the property, the asset is substantially devalued. Much depends on the income of a property and the market rent can vary in different situations. One may have a property in an apartment block that is let for an income that works well but have an identical property in an apartment block in a different area that is let at the same rent, that being market rent, but the yield on which would be insufficient for an investor to purchase it. That would devalue the asset. It is a significant issue. My colleague here would probably speak to the-----

(Interruptions).

Vice Chairman: To be fair, Deputy Higgins is next.

Ms Ann-Marie O'Reilly: On a couple of occasions, we have not been able to come in because other speakers have gone over time.

Vice Chairman: Of course. It is up to members to direct their questions.

Ms Ann-Marie O'Reilly: Apologies.

Vice Chairman: If members direct their questions, I am bound by that. It is the members' time to use as they see fit. The opening statements were the unrestricted time allocated to the witnesses. It is the members' fault, not mine. I call Deputy Higgins.

Deputy Emer Higgins: I thank our guests for being here. It has been an interesting discussion and it is certainly timely and needed. We know that private landlords are the backbone of the rental market. As has been noted, they provide 94% of rental properties. My local estate agents and property rental companies have given me three reasons for landlords leaving the market. The first is the regulatory context and it changing all the time. The launch of the RTB portal has frustrated that situation even further, as Mr. Davitt outlined. Second, there is the issue of taxation. We need to listen to that feedback and act accordingly. Third, there is the prospect of possible political change and new policies which they believe would exacerbate conditions for landlords.

We have heard what will not work, such as a three-year rent freeze or the removal of sale of property, family use or refurbishment as grounds for termination of lease, but we need to look at what can work. How do we deal with the regulation headaches that have been outlined? How do we provide a fairer tax system for landlords? Critically, will doing so achieve what has to be the overall goal, that is, to drive down the price of renting? If a landlord takes in less rent but pays less in tax and is happy with that, that is how we keep that landlord in the market and it is

how the renter pays less. That is what we need to get to. We need to get to the renter paying less. Yes, in such a situation the Exchequer would end up footing the bill for the difference but we are in a rental crisis and the Government is investing hugely in affordable and social housing and incentives to get construction up and going. I believe we also need to invest in renters.

How do we get the RTB portal to work? Mr. Davitt stated that we need to start from scratch. There may be other suggestions in that regard. A constituent of mine could not register his or her tenancy on the new portal because it was originally registered on paper and could not be modernised. We cannot have a system where it is not possible to modernise things.

We have heard proposals in respect of reductions in income tax, capital acquisitions tax and capital gains tax. Dr. Byrne listed countries that have problems, challenging landscapes and growing rental markets that are similar to the experience in Ireland in the past ten years. Have tax incentives been used in other countries? Have they worked? Has any country with a landscape similar to that in Ireland cracked this issue? I invite Dr. Byrne to respond first.

Dr. Michael Byrne: It is a complex question. My reading of the international view is that it is almost the opposite - tax incentives risk skewing the property system in ways that are detrimental to tenants in particular. That is not inevitably the case but they present that risk. A good example of that is in the United Kingdom, where the level of investment from small-scale landlords has been much more sustained than it has in Ireland and the buy-to-let mortgage segment has continued to grow, unlike in Ireland where it collapsed after the crisis. The danger is that when one does that, it is a demand subsidy. One is subsidising investment demand. What that does, especially in a supply constraint context such as the one Ireland is currently experiencing, is to push up asset prices - house prices - and create a situation in which landlords are in a better position to outbid would-be first-time buyers, for example. Obviously, if a landlord is paying less tax on his or her income than a first-time buyer is paying, that creates an issue. We need to consider how subsidies for landlords interact with other aspects of the housing system. We need to ask the bigger question as to what proportion of our housing stock do we want to be in the private rental sector. It is currently a quarter of houses in Dublin. Do we want that to be a third? Do we want it to be 50% of people renting? I do not see a huge demand for that to happen. That is the trade-off there. More targeted measures, where tax incentives are used in a way that requires landlords to provide security of tenure, have not to my knowledge been implemented, at least in the countries I look at, namely, the US, the UK, Spain, Australia in New Zealand.

Deputy Emer Higgins: Does the IPOA want to comment on any of that? We can bring in Threshold then.

Mr. Brendan Allen: I thank the Deputy. On the tax relief for renters, I am firmly in favour of that. It does a number of things. It brings a regulation on both sides because to get the tax relief for a renter, you have also got to identify the landlord.

Deputy Emer Higgins: Yes.

Mr. Brendan Allen: You then have both sides being regulated by one scheme. The Revenue had that in practice a number of years ago. It was abandoned in approximately 2010, though I could be corrected on that. It is a worthwhile initiative. Whether it will stem the crisis we have I do not know, to be honest, because it is a crisis. We all want solutions here. We are not trying to work against one another; we are trying to work collectively. A tax regime that is fair on both sides would be a great help in the market. It is not the final solution because that is

really Government policy and the Government deciding how to deal with the crisis. All we can do is look at it from our side and give the committee our view of it.

Deputy Emer Higgins: We have a minute left. If I could just-----

Mr. Patrick Davitt: If I can come in, there are two questions in what the Deputy is asking. If I can come in, there are two questions in what the Deputy is asking. We can tell the committee how to keep small landlords in the marketplace. There is no doubt that what we are saying will keep small landlords in the marketplace. The second question is how we are going to bring down rents. It is very difficult to bring down the rents when we still have bodies renting properties that can rent them at whatever rent they want. They are way up high and there is no control, apparently, on what those people can charge for those properties. How are we going to bring them down when bodies can still charge what they wish? It is just not possible. We need to get into a situation where properties at the top of the market can only be rented at a certain level. That is the first thing we need to do. If we are able to do that we can at least get into a situation where the rents will stabilise and they are not stabilised at the moment, apart from the fact the ones at the bottom are way down. Obviously the ones at the top are in a different situation but if we stabilise the rent for starters, then maybe we will get someplace in the reductions as time goes on.

Vice Chairman: There is time available for Deputy Higgins to put a question to Ms O'Reilly.

Deputy Emer Higgins: On the case for the arrears fund she put forward, Dr. Byrne was talking about 1% of terminations coming from arrears based on his research. Is Ms O'Reilly's experience different?

Ms Ann-Marie O'Reilly: I do not know off the top of my head. It is a small number-----

Dr. Michael Byrne: It relates to families presenting as homeless, rather than tenants in general.

Ms Ann-Marie O'Reilly: Yes, a small percentage result in arrears. Usually when a tenant gets in touch with us we are able to mediate and assist to get a repayment plan in place or maybe the person is not availing of the HAP or rent supplement and we assist with that. Where it is a problem is when people are prioritising the rent over everything else and falling into arrears elsewhere and the fear of all that. Where a tenancy is about to be terminated, we want to ensure the tenant can pay those arrears so the landlord can get the rent and that the person can remain in their home and not have upheaval that goes with that or possibly enter homelessness.

Deputy Eoin Ó Broin: This is a valuable discussion. In that spirit I will make a couple of comments and then I have a couple of questions for Ms O'Reilly. We are talking about assets, investments and sale prices and that is all fine but it is important for us to remember that in every rental tenancy there is a tenant or tenants, or families. They invest huge amounts of their time, money and often their emotional well-being in the properties they are in. While it is legitimate for landlords' representative organisations to talk about the concern for their members, one of the problems we have at the minute is many of the decisions that are being made are resulting in real people's lives being dramatically altered through eviction and homelessness. That is not in the first instance the fault of landlords but the fault of Government policy. However, let us always remember there are human beings, families and in many cases children involved. One of the consequences of the instability Dr. Byrne highlighted, which politicians from all parties deal with, is the churn of people moving from one rental to another and having

to uproot their children from their schools etc. I want to put that back on the table because we should not lose sight of it.

I thank my colleague Senator Cummins. He gives me far too much credit for having influence over Government policy over a long period of time.

Senator John Cummins: And negatively on the rental market.

Deputy Eoin Ó Broin: It is important to emphasise the two single biggest policy criticisms we have heard from the landlords' representative organisations today. The differential treatment of landlords with respect to rent regulation and the differential treatment of landlords with respect to taxation are both policies of the good Senator's party that we have long opposed and will continue to oppose.

I emphasise Mr. Davitt's point around data because we do not know what the market rent is today. He is right that we know what the asking rent is for a very small number of properties at the top end. Two years ago, the RTB stopped giving us the equivalised actual market rent for new and existing rental properties by property type and location. The sooner we get to that the better because this conversation will be better informed. It is also regrettable we have no registration data for 2021 or 2022. I am conscious the old data set was not great. The sooner we get those two things better. That is not a criticism of the RTB and probably more one of the Government for not resourcing it. If we had those, this conversation would be much better.

I agree with Mr. Allen that energy-efficiency retrofit upgrades should be tax-deductible. It is crazy they are not because there is no incentive for a landlord to upgrade the energy efficiency of our rental stock. We all know it has some of the lowest levels of energy efficiency and tenants do not have the capacity. It is something I support strongly and I am glad Mr. Allen raised it.

My question for Ms O'Reilly is twofold and she should feel free, in the time she has, to answer the other questions she did not get a chance to answer. Landlords have, again completely legitimately from their point of view, called for existing landlords to be able reset the rent to up to the asking price, per the market in that area, where a tenant moves out. In Ms O'Reilly's view, representing the cohort of tenants she represents, what would be the impact of that, especially in high-demand areas like Dublin and the other cities? Ms O'Reilly wanted to respond to a couple of other members' questions and I want to give her a couple of minutes to do that and if I have some more time I will put a couple more questions to others.

Vice Chairman: There is the third round as well.

Deputy Eoin Ó Broin: Deputy Gould might come in on the third round.

Mr. Patrick Davitt: If I can come in there-----

Deputy Eoin Ó Broin: I want to give Ms O'Reilly the time because she has had less time than the others if that is okay.

Vice Chairman: As I said earlier, it is at the members' discretion.

Deputy Eoin Ó Broin: I will get back to Mr. Davitt; he need not worry.

Ms Ann-Marie O'Reilly: I thank the Deputy. I will answer the second question first and then hand over to Mr. Duggan on the first.

Senator Moynihan asked what two things we would ask for. While my gut reaction is a moratorium and a rent freeze we know that is not necessarily the most suitable solution. It has an array of challenges. Two we think could start to provide immediate relief and assistance is the promotion of long-term lease agreements in the private rented sector. The IPOA has mentioned there is a difference between residential leases and commercial leases. We could have long-term leases in the rental sector where there are perhaps fewer obligations on the landlord regarding what is provided in the property, maintenance and so on but the tenant has a guaranteed agreement for ten, 15 or 20 years. How the rent is set on that and reviewed would need to be considered a bit differently. The promotion of those would be a big help. There are plenty of people over a certain age who will never buy their own home, are well settled in their community and would probably be very happy to remain in their rented home. We have previously suggested that could be done through reduced tax for landlords who provide those agreements.

On the scheme to buy properties with a tenant *in situ*, we have suggested a targeted capital gains tax for landlords who are selling but perhaps there needs to be a fully-funded national scheme for that. The current tenant *in situ* purchase is new and on a circular basis. We are not really seeing a huge appetite for it yet but maybe there could be something more on that. On tax mechanisms, I mentioned the long-term lease agreements as per Deputy Higgins's question.

I will let Mr. Duggan answer the question on the impact of allowing rent increases at the turnover of tenancy in rent pressure zones.

Mr. Aidan Davitt: If I can come in, there are two questions in what the Deputy is asking. We can tell the committee how to keep small landlords in the marketplace. There is no doubt that what we are saying will keep small landlords in the marketplace. The second question is how we are going to bring down the rents. It is very difficult to bring down the rents when we still have bodies renting properties that can rent them at whatever rent they want. They are way up high and there is no control there, apparently, on what those people can charge for those properties. How are we going to bring them down when they can still charge what they wish? It just is not possible. We need to get into a situation where properties at the top of the market can only be rented at a certain level. That is the first thing we need to do. If we are able to do that we can at least get into a situation where the rents will stabilise, and they are not stabilised at the moment. Apart from the fact the ones at the bottom are way down

Mr. Owen Duggan: My biggest concern, if that were allowed to happen, is that it would incentivise landlords to evict tenants and start new tenancies. The amendments in June 2019 brought in various different requirements in regard to renovations. In the two or three years prior to those amendments being introduced, many tenants were being evicted for renovations that were, in my experience, on many occasions nothing more than cosmetic updates to the property. Since those amendments in 2019, evictions for renovations have fallen off a cliff. To have that as one of the six reasons to evict a tenant does not come into play anymore for Threshold advisers and the tenants we assist. I do not think it is too far of a stretch to say that if landlords are allowed to reset the rent when a new tenancy begins, that incentivises them to end the old tenancy, which would be very concerning.

Vice Chairman: Thank you. I will take my slot now. My colleagues can ensure I do not abuse the clock. We could talk about the entire housing market and that is what we do here on a weekly basis, and sometimes it is hard to pin it down to one area. I agree with the assessment we have had on the under-supply of public housing for a decade. The strong commitment to public housing on public land will help to rebalance the market, which is what the Government is committed to doing and is why we will be questioning local authorities and AHBs about their

delivery in that sector. I want to understand what is happening now, which is the departure of landlords, and I want to try to get to the bottom of the motivation for that. Landlords do two things: they manage their asset value and they also manage a business, the day-to-day business of being a landlord. If it is possible to have lower taxation by owning a property through a company, why do more landlords not do that?

Mr. Patrick Davitt: Quite a number of landlords do. The issue for them is that they are paying the 25% tax rate for companies. In addition, there is another surcharge that is applied, which stands at 20%, so the effective tax rate comes out at over 40% if they are operating through a company. In addition, if they are trying to take out directors' fees, there is a limit on what they can take out as that is an allowable tax deduction, so the maximum they can take out is 10% of the gross rent.

Vice Chairman: Is not the real factor about exiting the asset from the business at the end if they want to sell it, that is, the taxation responsibilities for selling a property from a company?

Mr. Patrick Davitt: I am not clear on that. There is no tax difference.

Vice Chairman: If they were to sell the company as a limited company, are there much more onerous capital gains responsibilities than if selling as an individual?

Mr. Patrick Davitt: No. The rules apply equally to limited companies and to private individuals. There is no incentive. A property will always - I must be careful with the words I use - contaminate the tax reliefs that would be available if they were selling a business. If selling a business, there are special reliefs available but not if selling a property.

Vice Chairman: With regard to ongoing taxation, we have heard that companies can earn money and pay a lower corporation tax than an individual pays in income tax. Mr. Davitt is saying that is not a factor.

Mr. Patrick Davitt: I am explaining what is actually happening. There is a 25% rate that applies to company profits and there is a further surcharge applied to those profits at 20% if they are not distributed within 18 months of the financial year-end. There is no distinction in capital gains tax between a company and a private individual. We find that people will invest in a company because they see it as an attractive approach but, again, there are a lot of restrictions if they are operating through a company. People have to file annual accounts and they obviously have to deal with the taxman, deal with accountants and all of the other things.

Ms Margaret McCormick: Most people in the market would be individuals. If they are going to invest in something, it is hard enough to get their head around one set of rules without having to create companies and be responsible for more things within the companies as well. Individuals generally bought the properties in their own name.

Vice Chairman: If there are more attractive tax arrangements within a company and that would result in them paying less tax, why would they not do that?

Ms Margaret McCormick: I do not know. In general, it does not appear to be more attractive through the company. The real estate investment trusts, REITs, are a different situation.

Mr. Patrick Davitt: At the end of the day, if the money is in the company and the landlord wants the money out of the company, they have to take the money out and they have to pay a tax to take the money out.

Vice Chairman: They pay the tax when it comes out.

Mr. Patrick Davitt: They pay the tax when they get the money out of the company, which is another problem.

Vice Chairman: Is that not true also for institutional investors in that they pay the tax when they take the money out of the company?

Mr. Patrick Davitt: I am not 100% sure on that. I am not a tax expert, although my friends here are. I can say that one thing about the rental income which has been bandied around a lot is that landlords should pay the 55% tax that is paid when ordinary people earn money. That is incorrect because it is passive income that landlords get. If I am working, I pay 55% tax like everybody else, but if I have a rental property, I get passive income on that property. That means I cannot even pension myself from that property. It is not an allowance. I can do nothing. It is not fair to say that people earning money pay 55% the same as landlords. That is not fair to say and is not an equal comparison.

Vice Chairman: If it was within a company, they could use it as a pension asset.

Mr. Patrick Davitt: They could because they would be paying themselves. If they paid themselves from the company, they could use the money they paid themselves from the company and pension it. They could, yes.

Vice Chairman: That is my point. It seems a bit of a technical matter, but if we make it more attractive for taxation purposes, that does not necessarily impact the overall decision as to how that person manages the property and whether to sell it or not to sell it, or when to sell it.

I turn to a second issue of tenancies offered by the local authorities. There is the possibility of ten-year or 20-year leases. Most businesses, if they were guaranteed even 80% of their turnover for ten years or 20 years, would jump at it, but that has not been attractive to landlords. The question is whether that is because of the day-to-day activities of the landlord or because of the long-term management or speculation of that asset.

Mr. Patrick Davitt: What we are looking at is this. They have a fixed rental and then they have all of the other costs that increase, for example, mortgage interest rates are going up or they have to try to get a builder, a plumber or anybody else. Their rates are different to what they were two or three months ago so they cannot have----

Vice Chairman: Any business on a long-term contract with a customer would make the same commercial decision. Would that be fair?

Mr. Patrick Davitt: That is certainly correct. The problem for landlords is that they are locked in and cannot change the rental, if that is what it is.

Vice Chairman: The only reason I say this is because there is a lot of talk about equating it with other businesses, but there does not seem to be the understanding that we are not just managing trade but also managing the asset. It appears the flexibility to sell the asset is one of the things that is very attractive for the landlord. There has to be a tax implication for that too.

Mr. Patrick Davitt: There is. If they sell it, there is the capital gains tax that they pay. It is as simple as that. What we are proposing here is a rollover relief so if they sell it and invest in another rental property, they will not be paying capital tax. It is like a deferment of the capital tax, if you wish.

Ms Margaret McCormick: An investor can invest in any asset class in anything at any given time. We want to stop the exodus from the private rental sector. Twenty or 30 years ago, there was a lot less legislation around it, and it was much easier to manage and much easier to deal with. Legislation is always required and we need equality to a certain degree, but it has got to the stage that the legislation is so prescriptive and so difficult that they need to go back to the drawing board and re-examine this.

Vice Chairman: I will return to that in a later round. I call Deputy O'Donoghue.

Deputy Richard O'Donoghue: Is it correct that there is a points system within the rental market so that if a landlord puts energy efficiency into a rental property, they can actually change the rent tariffs? They go on a points system if they, for example, go through the building, put in energy saving bulbs and do small, minor things. People who are involved in managing rentals have told me about a points system whereby they take energy saving measures. That allows them to raise the rent if it meets certain criteria. Is that the case?

Ms Margaret McCormick: Substantial refurbishment allows for that. If one increases the property rating by seven BER steps, one can go back to market rent. That is available, but moving seven steps on the rating system involves an investment of €30,000 to €40,000 at a minimum for many properties. It is very difficult to do it in many properties. It is almost impossible to bring pre-63 or older properties up to a certain level, for example.

Deputy Richard O'Donoghue: Ms McCormick stated it would involve an investment of €30,000 or €40,000. An investment like that is nothing when one considers the inflationary cost of insulation and all the rest of it.

Ms Margaret McCormick: Yes, one is looking at the inflationary cost and the cost of insulation and everything else, and that is moving up as well. There is a substantial cost required to bring any property up. As my colleague stated, it is not possible to offset that cost. In addition, the property may be in a rent pressure zone. Unless one can bring it up to the level set down in legislation, one will not be able to change the rent. It does allow the substantial refurbishment to take place along with other measures but it is very restrictive, as my colleague stated-----

Deputy Richard O'Donoghue: It is a no-brainer. If there was a tax refund-----

Ms Margaret McCormick: It is exceptionally difficult to do it, and to bring the property up. One cannot do it in apartments. The restrictions are too onerous. It is very difficult to do it. There are so many things required within the property that it is not possible for many properties.

Deputy Richard O'Donoghue: Pre-63 properties or properties over a shop, for example, come under the new fire regulations and everything else. One may have a listed building and not be able to touch it, so one cannot bring it up to standard in terms of fire regulations in order to make it available for rent. There are many properties in towns and villages across Ireland that are caught up in the listed section and cannot be touched. The owners of the properties could rent them out if they were brought up to standard in the context of fire regulations but conservation restrictions mean they are not allowed to do so. I was in such a building during the week. The owner could not carry out work on the ceiling even though there was space to create six rental properties over the shop in an area with accommodation pressure and where rental properties are needed. It was in an ideal location. There was transport and shops and everything else in the area but due to the planning legislation for listed buildings, the owners were not allowed to carry out work on the building even though the property underneath had

already been retrofitted twice. The planning laws would not allow them to do it. There should be an incentive for people to do that.

I am interested by a point raised by the Vice Chairman in respect of limited companies. Mr. Allen stated that they are subject to 25% tax.

Mr. Brendan Allen: That is correct.

Deputy Richard O'Donoghue: A normal company in a retail business is subject to 12%.

Mr. Brendan Allen: It is 12.5%.

Deputy Richard O'Donoghue: In the rental market, it is 25% tax.

Mr. Brendan Allen: That is correct. It is treated differently. It is treated as investment income so it comes under a totally different regime. In fact, the deductions that are available to a landlord are very restrictive. They are not the same as those available to a normal trading business. It is not treated as a trading business. For example, if a private landlord makes a loss on rental income, he or she cannot offset that loss against any other income he or she may have, whereas a trading business with PAYE income can offset such a loss. That is not available to landlords. It is a particular section of the tax Act that limits what landlords can claim. It is not the same as a normal business. That is something that could be considered.

Deputy Richard O'Donoghue: Every day is a learning day. What I have learned today is that in order to incentivise people to bring properties up to a good standard, the taxation system for retrofitting needs to change. An incentive should be put in place in order that people will invest in properties that are of a poor standard and bring them up to a good standard.

Another problem is that many landlords in areas where houses are of a poor standard are not registered with the rental authorities and will not accept HAP. Tenants have no other option because there are no other rental properties available in the area. They are living in poor conditions because there are no incentives for landlords to do up a property or go on the HAP system. If the landlord had a good property, he or she would go on the HAP system and create a new place to live. Many properties that are in poor condition are let by people who do not take HAP. People have no other option.

Mr. Patrick Davitt: The points system to which the Deputy referred involves moving a property seven steps on the BER ladder. Doing so will allow a landlord to get to market rent again. I know of a landlord who recently did that work at a cost of €145,000 to change the property-----

Deputy Richard O'Donoghue: Sorry, I want to let Ms O'Reilly in. There is no incentive for the landlord to do that work.

Ms Ann-Marie O'Reilly: The Deputy referred to HAP. We spoke to the committee previously about landlords' resistance to accepting HAP. We would like to see some sort of research, investigation or consultation on that because, on our side, we are seeing sitting tenants whose situations change and their landlords will not accept HAP. We believe there is a multitude of reasons for that, rather than it just being down to the standard of the property, although that does come up and needs investigation.

Mr. Brendan Allen: In the report the Minister commented on yesterday, he indicated that more than one third of private landlords are accepting HAP.

Deputy Francis Noel Duffy: Does Dr. Byrne believe that cost rental will relieve rental pressure in the medium to long term if such properties are built *en masse*? Should the State assist people in purchasing their own homes?

Dr. Michael Byrne: The answers are “Yes” and “Yes”. Cost-rental is a new sector. It will face many challenges, especially in respect of viability because the interest rate environment and cost environment are deteriorating. There are viability challenges but what we see internationally is that countries and especially cities that have a significant non-market segment tend to have more stable housing systems. That is clear. There is widespread support for cost-rental, which is great to see.

Assisting people to purchase can also play an important role. The trick is to recognise that it is also a demand subsidy. The challenge is to increase access to home ownership without inflating demand or generating risk in the financial system by burdening households with risky debt. It is not easy but it is doable to introduce supports for home ownership which are more widespread than those that currently exist and which meet those two challenges.

Deputy Francis Noel Duffy: I thank Dr. Byrne. I do not know if Ms O'Reilly has taken notes on the questions she has yet to answer, but the floor is hers if she wants to address some of them.

Ms Ann-Marie O'Reilly: I thank the Deputy. Deputy O'Donoghue asked about a grading system for good or bad tenants and landlords. My initial reaction is that there is a power imbalance between the landlord and the tenant. The landlord is the one who owns the home and has the right to let it to the tenant or not. In that instance, the tenant is at a disadvantage. It would be dangerous territory to get into. One would have blacklisted tenants. One might have landlords who have been given a fail but tenants have no choice and have to take the property. I am not sure it would assist with the issues that people are facing.

As regards the standards, the Deputy asked about a need to look at how that is done. At present, properties that are inspected either pass or fail. Consideration may need to be given to putting in a sort of traffic light system. For example, Threshold has proposed a national car test, NCT, for housing. The name has stuck. When one brings a car for an NCT, there can be minor faults or major faults. It may be that an issue is flagged and, although the owner does not have to do anything immediately, it will need to be sorted for the next time the car is tested. There may be a need to reconsider how the issues are graded in that regard.

Another point I want to make is that, generally, we only ever see the National Oversight and Audit Commission, NOAC, report, which sets out that a specific number of properties were inspected, a particular number failed and a stated number were brought into compliance by the end of the relevant year. We are seeing low inspection rates, high failure rates and low compliance rates. It looks like a complete disaster. Within that, we do not know whether half the properties fail, for example, for want of a microwave or a fire blanket. In all such cases, where the issue is so small, one would expect those properties to be in compliance by the end of the year. This goes back to what another member mentioned, namely, the need for data and information when designing responses. Unfortunately, organisations like ours are working with a limited amount of information from official statistics, combined with what we are hearing and seeing on the ground. Certainly, something needs to be done about how the standards are enforced in the private rental sector. All anyone wants and deserves is a safe home in which to live. People are paying good money for it and they want and need it to be safe. I thank Deputy Duffy for his questions.

Vice Chairman: Does anybody else want to come in on that point?

Mr. Patrick Davitt: Regarding standards, I have proposed in IPAV's budget submission that before a property goes on the rental market, a certificate should be required confirming it is up to standards and up to date. That could easily be done. At the moment, in the case of HAP tenants, for instance, people come into the property and the next thing is there is an inspection and a very long list of things that have to be done. Why are we allowing situations like to happen? Would it not be a lot easier to require a certificate of fitness for a property before it goes on the rental market? If that were the case, there would be no more need for inspections of any description when a property is rented out to a tenant. That is my view on inspections of rental properties.

Deputy Ó Broin spoke about landlords being able to increase rents by 18% or 20%. We have discussed this on many occasions and he knows as well as I do why landlords did not increase rents. At that particular time, we did not have a crystal ball to see there would be all these amendments and changes down the road. The rent pressure zones were brought upon us and they were to be in place for three years. A lot of landlords were saying, "If my rent is not brought up to date for three years, what about it?" In fact, we had three years, three years more and now another three years to the end of 2024. God only knows how many more we will have after that. This is one of the reasons rents were not brought up to date. If a landlord had a good tenant, he or she was quite happy to keep that tenant and keep the rent below the market rent. Before rent pressure zones came in, landlords knew they could increase the rent to market rent at any time but, unfortunately, we are now in a situation where they cannot do that.

Ms Margaret McCormick: Regarding inspections, the cost of a provision of accommodation is already very expensive. Adding any additional costs makes it more expensive and increases the cost all across the board. That just does not make financial sense. We need to have good-quality accommodation; there is no argument about that. Properties need to be inspected. Local authorities need to be able to inspect them. We need assessment criteria that reflect the quality of the accommodation that is out there. However, to bring in something else will just increase the cost and introduce more bureaucracy. Somebody will have to be brought in to do it. The timeline of that will mean the property will be off the market until such time as the process has been completed. It just does not make a lot of sense to do it. Many landlords rewarded good tenants by keeping their rents low. They are the very people we want and need to keep in the market but they are the very people who are leaving it because they have been punished punitively for doing that for their tenants. If those tenants move, they have to hold the rent for the next tenants.

We have a dysfunctional market. We need emergency relief and support and we need substantial, meaningful change in the tax treatment of the sector. If that is not done, investment will go elsewhere. We are not even retaining our existing investors. We are a membership organisation and retention of our members is really important, alongside getting new members. That is key here.

Vice Chairman: There are a few more speakers, from Fianna Fáil and Fine Gael, to complete the rotation and I will then do lámha suas for anybody else who wants to contribute. I will put a party ranking on it and I will be fair. Senator Fitzpatrick had to go to the Seanad and has asked me to take her slot. I want to pick up where I left off before. I am trying to investigate what is happening in terms of taxation. The second issue, which Ms O'Reilly spoke about when she was replying to me, is the idea of the responsibilities of landlords and the changing nature of regulations and the impact of that on landlord motivation. I am not demonising anyone here; I

am just trying to understand people's motivation. Can the witnesses quantify how many hours a month or year is involved, for example, in managing a single property?

Ms Margaret McCormick: I would struggle to give the Vice Chairman anything on that. It would vary at different times and in different periods.

Vice Chairman: Of course.

Ms Margaret McCormick: Obviously, there are all the usual obligations. At the outset, somebody letting a property must ensure it is up to standard. That requires going into the property to clean it and so on. All of that has to be done and then one is moving on to----

Vice Chairman: Ms McCormick is aware of issues facing members of the IPOA and I want to know what her experience is in this regard. I understand that some months, only an hour would be required because the landlord only has to process a form or whatever, whereas in other months, there will be 30 hours' work involved. I am just trying to gauge the level of responsibility involved and the input required by landlords.

Ms Margaret McCormick: A landlord has to deal with absolutely everything across the board. Insurance has to be sourced-----

Vice Chairman: I understand the responsibilities. My question is whether the time involved can be quantified.

Ms Mary Conway: It would depend on the type of tenant. If a landlord has students moving in at this time of year, he or she will write off September because there will always be something coming up that cannot be foreseen. If it is a family, there might be a couple of issues while they are settling in but, for the most part, things will go smoothly. I will give the Vice Chairman an example of what can happen when trying to do an RTB registration. I sat down one Saturday morning when I knew I would not be disturbed by telephone and did three registrations. I am pretty good at that at this stage, having been at it a long time. It took me an hour to do three registrations, which was just going online and filling in everything. On the Sunday morning, I got up to two emails from the RTB to say I had done the registrations wrong. In one case, it was my own fault as I had put in a wrong date of birth, which did not correspond to the tenant's personal public service, PPS, number. I put in 1993 instead of 1973 for the date of birth, so I have to hold my hands up in that instance. However, in the case of the second registration, I was told I had not put in the local authority. I do not know how many times I have gone right through the system since but I cannot see where I am supposed to input that information online. I have sent four emails about it and spent another hour online trying to sort it out. For three tenancies, I have spent at least three hours at this stage trying to sort them out, and I am somebody who knows what she is doing. That is how complicated it is.

Vice Chairman: I hear that. I am not trying to trap people here. I am genuinely trying to quantify the time involved. The witnesses are saying it is a huge responsibility, there is an increased burden and so on. I just want to try to quantify that.

Ms Mary Conway: Landlords are on 24-hour call. They may get a call at 2 a.m. telling them something has happened or there has been a party and they have to go and sort it out. I consider myself always to be on call. I am an agent as well as a landlord and there is always something that has to be sorted out with my own properties.

Mr. Brendan Allen: From an accounting point of view, landlords are looking at about an

hour or half an hour per month recording all the necessary stuff, including invoices, income coming in and bank reconciliations. Then, at the end of the year, they will spend three or four hours meeting with their accountant, getting their tax returns in and making sure they go through on time. There is a quite a quantum of time involved just on that side of it, before dealing with what Ms Conway and others have outlined.

Vice Chairman: The witnesses have not given me an answer but it might be a question they have not considered before. I am not hearing that there is a requirement for 500 hours or 300 hours a year. I do not know whether I am even hearing about a requirement for 50 hours a year.

Ms Margaret McCormick: It is dependent on the type of property, the tenants and the amount of work required to maintain the property, including who does that work.

Vice Chairman: In the case of a property being rented for €2,000 a month, say, while I accept there might be capital repayments, taxation and all of the rest of it, if we look at investment versus return just from a work perspective, there are significant margins there.

Ms Margaret McCormick: The time factor of managing a property is extensive from the initial investment all the way through-----

Vice Chairman: To be fair, Ms McCormick is saying that but she cannot give an answer to my question.

Ms Margaret McCormick: I am telling the Vice Chairman that all investments take some time and energy but some of them require a lot less than others. If somebody invests in different asset classes, that is fine. We want to keep people investing in the private rental sector. It is not passive. It is classed as passive, but there is work, legislation and compliance as part of it.

Vice Chairman: The answer Ms McCormick gave me indicates that it is more passive than active.

Ms Margaret McCormick: It depends on the situation and the properties that one is managing. We want to keep people in the market. The private rental sector benefits the State. It should be treated differently to other types of investment, such as stocks and shares, which there is little involvement in.

Vice Chairman: It is perhaps not completely different to other businesses.

Ms Margaret McCormick: We are looking at people exiting the sector.

Vice Chairman: That is why I am trying to understand the motivation. There have been suggestions that one could use the phrase “general and progressive” with regard to Ireland’s increasing rights for tenants. I hope I am not misquoting Ms McCormick. Has the Government placed particular responsibilities on landlords that the witnesses feel are egregious or unfair, which they would like not to have and believe do not make sense?

Ms Margaret McCormick: Much of the legislation does not make sense. Its prescriptive format is needless.

Vice Chairman: The annual registration comes with an obligation not to increase rent by more than a certain percentage. There was the eviction ban during Covid. Can Ms McCormick point to any single intervention that we made which is egregious?

Ms Margaret McCormick: The prescriptive nature of the legislation is egregious.

Vice Chairman: What specifically is an issue?

Ms Margaret McCormick: Dispute resolution. It takes hours of preparation to address a dispute. We are allowed to take one month's deposit, but it takes two months to serve a rent arrears notice. Once one serves a notice of termination as a result of the rent arrears, it will take us a good three months to get to the RTB for a hearing. It will take another six to eight weeks or so to get a result from that hearing. It can be appealed through the legislation.

Vice Chairman: Would Ms McCormick prefer if that dispute resolution system was not there?

Ms Margaret McCormick: An effective, swift dispute resolution service is needed. I have not gone through the rest of the issues. Eventually, a decision can be appealed. It has to go for enforcement, to the courts and to the sheriff. It is a long situation. That can still be an antisocial tenant. We have either no income during that period or all the good tenants left the property because of that person. Dispute resolution is way too slow.

Vice Chairman: I appreciate that I have gone over time. Is that the principal intervention that Ms McCormick believes needs to be rolled back?

Ms Margaret McCormick: It is the prescriptive nature of everything right down to the rent variation form, which is 12 pages long. Anything that one has to do to serve any notice is terribly prescriptive. It is not outcome-based. It is prescriptive. A tenant can come into a hearing-----

Vice Chairman: I should have been as strict with myself as I was with everybody else. As we are entering the final round, however, we can be a bit more generous with time.

Senator Mary Seery Kearney: I apologise. I have been at a meeting of the Joint Committee on Children, Equality, Disability, Integration and Youth. When it comes to landlords, I have experience of supporting a friend through the dispute resolution process to which Ms McCormick referred. The tenant involved was wrecking the house. The tenant had 44 fridges in the back garden, had broken the furniture and had done many other things. It took months to deal with. Even when we got to the RTB, because I supported my friend, and we produced photographs, it still ruled against the landlord. I accept that, in a situation where there are errant and difficult tenants, it is not fit for purpose and does not meet the needs. There is not compensation appropriate to compensate one-off landlords in particular. I agree in that instance. However, the vast majority of tenants are good tenants.

I have a concern about the current build-to-rent model. I know there is significant need for it. I completely support it, but on the other hand, I come from a constituency called Dublin South-Central, where pretty much every multi-unit development being built is build-to-rent, which has an effect on the property market, the sales and the lettings. I welcome views, particularly from IPAV, about the experience with that and its effects on the market.

Mr. Patrick Davitt: I missed the question. I am sorry.

Senator Mary Seery Kearney: I had a reasonable expectation that I was being listened to. It is about the build-to-rent model and its effect on the housing market in Dublin. Will Mr. Davitt comment on that, please?

Mr. Patrick Davitt: As the Senator is probably well aware, prices in the housing market in Dublin are back to where they were in 2007, or close to them in many areas, if not in every area. The index is back, which is the big thing, though not all prices are back. The model the Senator is speaking about will not have a huge effect on the market because of the number of properties for sale. Whether it is a buyers' market or a sellers' market will depend on the proposition one is speaking about. It is a sellers' market at the moment and I do not think it will have any effect on the price of property at all.

Senator Mary Seery Kearney: So Mr. Davitt is saying the thousands of build-to-rent properties in Dublin South-Central, where people do not have an opportunity to buy a property, will have no effect on the property prices?

Mr. Patrick Davitt: I do not think it will have any effect on the property prices in the area the Senator is talking about. If there were more properties for sale in that area than there were buyers, I think it would have an effect. It relates to what properties are available.

Senator Mary Seery Kearney: I will give the rest of my time to Senator Cummins.

Vice Chairman: Let us give everybody enough time to say what they want rather than going round in circles. Senator Cummins can have the remainder of Senator Seery Kearney's time and his full seven minutes.

Senator John Cummins: I might not need that.

Vice Chairman: I will bring Deputy Gould in. We will try to get the witnesses out early. They have been here for a long time.

Senator John Cummins: When answering the first round of questions, the witnesses stated that a rent freeze and restricting the sale would have a negative impact, with more landlords leaving the market, which obviously has a negative impact on the supply, which has a further negative impact on my constituents and their ability to get rental properties. I thank the witnesses for answering those questions frankly. My colleague sitting to my left, Deputy Ó Broin, had an article in the *Business Post*. Although he might like to think I was complimenting him on his impact on Government policy, I was actually stating that some utterances that he is making, even as a member of the Opposition, are having a negative impact on supply. I was contacted by an auctioneer in my county of Waterford. In fairness to Deputy Ó Broin, he has been saying this for quite some time. What he stated in the *Business Post* on 10 September was not new. While it is not new to me, the email from the auctioneer stated that since the news broke, two landlords have contacted the auctioneer with a view to selling all of their properties. The email states that one owns ten houses and the other owns 18 houses and that the client with 18 will likely retain four or five properties and sell the remainder, while the other client, with ten properties, will give notice to sell all of them. That is a flavour of what is happening in the rental market on foot of some people's utterances. When we talk about anything in the property sector, I always say that every action has an equal and opposite reaction. The words that I and other people say here have an impact on what goes on outside the walls of Leinster House. That is why we need to be careful when we are considering policy interventions. We need to ensure that they are the correct interventions and that they will not have a perverse impact, which is the opposite to what we are trying to achieve.

That leads me on to the tax relief for retrofitting. While I agree that it sounds good in theory and it would be good to get more rental properties up to standard, we also have the resulting

impact of that, which could involve more tenants losing tenancies. This will happen because if a deep retrofit has to occur over a period of six or nine months, that will result in those tenants being out of their properties, with the negative impact that Threshold has identified. While I accept what our witnesses said earlier, we also have to weigh up the pros and cons.

The witnesses will accept that, in the context of market rents, the rent pressure zones were introduced in good faith in 2016. Dr. Byrne stated that it is too early to ascertain if they have been a success. Is that be a fair comment?

Dr. Michael Byrne: Is that in the context of increases in rent?

Senator John Cummins: Yes. The reason they were introduced at that time was to try to regulate market rents. The fear is that if one were to allow market rents to be restored overnight, tenants who would be facing very large increases in rent. I have a complete understanding of the landlords involved in this regard. I have spoken to some of them who are trapped. There are good landlords who try to keep tenants *in situ* at very low rents and who have maintained that position over the past number of years.

Deputy O'Donoghue is correct to state that we have many good landlords and many good tenants. The reality is that very few end up in dispute, particularly when we take into account the totality of rental properties in the market.

On dispute resolution, Senator Seery Kearney cited the example of a landlord who had difficulty with a tenant and who had gone through the entire process. I have also heard of examples where judgments have been made in favour of landlords by the RTB but that it took many months to resolve the issues involved. These have been very bad tenancies where there has been antisocial behaviour. Can our witnesses elaborate on that issue?

My final question is for Dr. Byrne, who stated that rental subsidies risk inflating rents further. That heavily contrasts with the position of Threshold, which calls for an increase in base HAP rates in addition to the 35% discretionary uplift. Will Dr. Byrne indicate if the Government increase the base rates?

Dr. Michael Byrne: That is a pretty quick answer to give. It is a necessary evil to accept the reality that homelessness prevention is the number one priority in the short term. In the medium to long term, we must transition away from reliance on rental subsidies altogether. The pressing human need in the immediate term has to take precedence over the longer term housing strategy.

Senator John Cummins: This is despite what Dr. Byrne has identified as a reality, which is that it could result in higher inflation in rental prices. He is saying that we should we still should proceed with that.

On the dispute mechanism issue, could IPAV or the IPOA outline what practical follow-on measures could be implemented where a positive decision is in favour of either a landlord or a tenant in order that we do not have a situation where people are out of pocket, because that is what is happening?

Mr. Patrick Davitt: This is a very good question that we have discussed on many occasions. One practical thing would be that when the RTB makes a determination order at the end of the relevant period, when the landlord gets his or her hands on it, that he or she should be able to go to a court clerk and a judge should be able to stamp that order for the landlord

before the matter goes to a hearing. This order has been made by one body legally, when the entire process has been undergone. Now we are in a position where the landlord has to go to court and to the judge. The judge may extend the period further because he or she may well take pity on the tenant. That is fair enough because, as Deputy Ó Broin stated, we are talking about families and all that that involves. Everybody respects that. Ultimately, however, the determination order is made and it should be proceeded with. We find that in some areas, when the determination is given a legal standing by the judge, that the sheriffs are not picking up the tab and taking the people out of the properties. We also find that the sheriffs in different areas are being asked to intervene by landlords. They are being asked to come from Dublin or elsewhere to Meath, Kildare or wherever in order that an order might be given to those them. This is because a landlord will know that these sheriffs will execute the order on their behalf. That is a problem, and this can be done.

Ms Margaret McCormick: Where we have a rent arrears case, rather than allowing the system to be abused after the first case where the rent arrears goes through the adjudication process and where it is stated that the rent is due and payable, we are of the view that there should be no allowance to appeal to a tribunal unless that rent is either lodged with the RTB or given to the landlord. This is because that rent is due and payable. There are many things in the legislation which should be enforceable but which are not, and that is one of them. The long process goes ahead. All of the time it is just used to abuse the position when it comes to the non-payment of rent.

The second thing I would like to see is research being done on the results of determination orders. Determination orders are issued, but when we talk to our members about the issue of instances where rent is to be paid, no research has been done to show when it is paid. Our members tell us that regardless of the time it takes to go through the system, the tenant may have no means. At the end of the process, the landlord receives no money back. This occurs in many situations and is greatly problematic.

Returning to something that was mentioned earlier in respect of HAP, there is nothing in that payment to protect a landlord if a tenant stops paying. A tenant can stop paying due to many issues. Some of these can be mental health issues or other issues around it. There is nowhere for the landlord to go at that stage. Something needs to be put in place whereby a local authority can look at the situation, sort it out, help the tenant to stay in the accommodation and help the property owner because the latter has no solution. There is no solution there other than to serve a notice through the rent arrears system, which, again, takes great amount of time. There is no protection in there.

Senator John Cummins: I thank Ms McCormick.

Vice Chairman: That completes our round. Three speakers have indicated, Deputies Gould, Ó Broin and myself, with seven minutes each, which will bring us to the end. I call Deputy Gould to speak now, please.

Deputy Thomas Gould: I apologise. I was in the Dáil and will have to return there shortly. I listened to the comments. I have a question for Threshold. I have a party colleague, Councillor Eolan Ryng, on Cork City Council. Some 92% of all HAP tenancies are failing inspections by Cork City Council. This is phenomenal. Anecdotally, we are seeing then that when these HAP inspections have been carried out and a landlord has been notified of the work that needs to be done, landlords are then putting the properties up for sale and are issuing notices to quit. Is that something Threshold is seeing nationally? What does Threshold think of those figures?

Ms Ann-Marie O'Reilly: It was stated earlier that there is a low inspection rate, a high failure rate and low compliance. The CSO did research in respect of the private rental sector last year on those living in HAP and RAS tenancies. Properties with the lowest BERs are highly likely not to be in great shape structurally. It is a risk. The inspection has to happen eight months into the HAP tenancy. Eight months in, sometimes later, the inspection happens and the accommodation fails the test. The landlord may not have the resources or the desire to carry out the work and it is then within their right to issue a notice of termination for sale and leave the sector. This is a problem. We have proposed an NCT in respect of housing, and IPAV has spoken in similar terms here today. We would like to see a situation where the landlord can demonstrate, prior to letting a property, that it is up to standard. It is only when the property is up to standard that it can be rented out. As stated, people are paying good money and should have safe and good-quality homes. They should not be going into homes that are neither. That is the minimum that somebody should be able to expect.

Deputy Thomas Gould: What can the Government do to support landlords? We do not want landlords to exit the market. We know that 92% of those landlords in Cork who have properties are failing. Rather than landlords pulling out, what can the Government, Cork City Council or any other local authority do to help them to get these properties up to specification and keep them in the market? We do not want to see landlords leave because that leads to notices to quit, which leads to homelessness, which adds to the pressure. What can we do to be constructive?

Mr. Brendan Allen: I will comment on that. It is something we touched on earlier on. It will not necessarily solve the problem, but I think a tax relief should be available to people carrying out renovations. They should have, not a capital allowance that is over eight months, a relief that is immediately available to them in order that they can partially recover some of the costs involved. That would be an incentive. It would not necessarily solve the problem that has been identified. However, it is better to do something, such as a tax relief like that, than not. In Cork city, there already is a scheme like that. However, the property would have to have been built before 1905. Many properties being built currently or that were built after 1905 do not qualify for that renovation relief. If that could be extended, it would be beneficial and could contribute to a solution.

Deputy Thomas Gould: While we are looking at landlords leaving, the biggest issue I have relates to vacancy and vacant and derelict properties. I met a landlord a few weeks ago who was giving out to me, not in an aggressive way but, rather, in kind of a funny way. He had to do up his property because I raised the matter in the Dáil and got the property put on the derelict sites register in Cork city. It was an old family butcher's house that has been empty for 35 years. Because of pressure we exerted on Cork City Council to get it on the register and have a levy imposed, he is now converting it into a three-bedroom apartment and a two-bedroom apartment. That is only happening because we pushed to have the property placed on the register. The point he made is that he would have moved on that property - perhaps not 35 years ago but certainly years earlier - if the supports had been there.

We are looking vacant properties, a housing crisis and a homelessness crisis. According to CSO figures, there are 166,000 vacant properties. According to GeoDirectory, there are 90,000. The actual number is probably somewhere in between. Landlords are sitting on properties that could be used as homes for people and could bring in income for those landlords. There are many people who are landlords, but not by intention. They may have been left properties by family members who passed away. These people might not have the, let us say, the ability to

do anything with those properties. They might be vulnerable individuals. We need to take a carrot-and-stick approach in respect of these people. There should be the stick for people who will not engage or who just state “This is my property and I will leave it to rot if I want”. I do not believe in people who do that, but I believe in the good landlords. Senator Cummins made the point earlier that the vast majority of landlords are good. The vast majority of tenants are also good. It is hard to see properties in my community just boarded up for ten, 20 or 30 years. What can we do for landlords such as those to whom I refer?

Mr. Patrick Davitt: It is disgusting to see that happening. There is absolutely no doubt about that. I wish to go back to the point about HAP and the list of recommendations that need to be done. We have anecdotal evidence only that when properties that are rented through HAP, the inspectors come and the landlords gets a list of things to do. However, if they are done prior to the tenants going into the properties, we find that there are not that many things to do. I do not know what different inspectors in different areas do differently in these inspections that the Deputy spoke about. In some cases, there are not that many there.

On vacant and derelict properties, one very important point is that 50 tonnes of carbon are put into a new property. Vacant and derelict properties are already in place and that carbon is accounted for. We have spoken about this many times. Why can the Government not give landlords a grant to do up these properties? Perhaps the Government will not get the money back, but it will at least get the properties in question into the rental sector. It is a good idea. We have done much work on this and come up with many ideas on it as well. If those ideas were taken on board, we would see many of those properties on the rental market. There are 22,000 derelict properties and more than 100,000 vacant properties throughout the country. Many of those can come into the rental property scene. I think it is easy enough to get them into it, being quite honest. However, we need to get a bigger picture and think outside the box.

Deputy Eoin Ó Broin: I thank everybody for their detailed responses. Like the last round, I have a few comments and then two specific questions.

First, with the tenant *in situ* scheme, I talk to many landlords who are selling. They are more than happy to sell to local authorities at the asking price for a standard sale. Their biggest complaints are that the process of purchase by local authorities is too slow and getting even an agreement in principle from the council takes much time. It is also the case that, while the Minister reopened that scheme this year - which is welcome, because it was closed by the previous Minister – he has not given specific instructions to local authorities. Various local authorities are applying it differently; some are more flexible than others. Speeding up that process and having a consistency of approach would be helpful. Landlords have had a long-term relationship with their tenants, and those who want to sell do not often want to evict. If they can sell for a fair price to the tenant *in situ* with the local authority, that is a good outcome.

Senator Cummins asked a question earlier and I will answer it because I have information. There have been a number of local authorities over July and August that have not been able to provide emergency accommodation. It is not their fault; their emergency accommodation is full. In August, for example, in Dublin city, on ten nights, the Dublin Regional Homeless Executive had to turn away single people because there was not sufficient emergency accommodation. During that month, 63 families from Dublin were placed in emergency accommodation in Kildare and Meath because there was none available in Dublin. That then had a knock-on effect in those places. In one instance in Kildare, a family from who presented as homeless were offered emergency accommodation in Roscommon. Limerick was reported in the newspapers in July and August on quite a number of occasions as not having adequate emergency accom-

modation or hotel accommodation. We do not know whether the fall-off of the tourist season will ease that pressure. I do not think any of those local authorities would mind that being in the public domain. Their problem is just that there is not sufficient supply. That is worth noting, because Senator Cummins asked an important question.

On the NCT, this is one that landlords should support for the reasons Mr. Davitt outlined. If landlords and tenants advocates could at least agree on a couple of things, that would not be a bad day's work. If there were an NCT - I take Ms McCormick's point - if it was really light and done once every fifth year, year one and then year five, etc., if there was a €100 charge, which averages out at €25 cost for landlord per year, which gave them their certificate, that would do away with the need for any further inspections. The idea that inspections happen after the tenants move in has always been ludicrous. The value of that system is that it would protect good landlords. We have to be honest. We talk about problem tenants and that is fine - I live in the real world and know that is an issue - however, so are problem landlords. Therefore, if somebody is a good, decent landlord meeting the rules, having that NCT on their *daft.ie* advert when renting the property, if they submit it to the local authority with the HAP application, if the tenant sees it, the good landlord and the good tenant are protected. It is possible to design the type of NCT-style system that Threshold has supported. In fact, the Oireachtas voted by a large majority for such a thing in 2018 in the context of a Private Members' motion that I tabled. It is eminently sensible. The sooner it is done, the better. Ms McCormick is right that it cannot be expensive. However, I think it can be done in a way that would be very useful.

On rent, I will not argue with Mr. Davitt, particularly as there are different landlords out there. To be clear, however, one of the reasons the Government decided to move on rent regulation is because for two years we were looking at double-digit rent increases and we had a dramatic spike in homeless presentations. That is just a fact. In fairness to Deputy Alan Kelly, he tried to get rent certainty linked to inflation at the time. If that been accepted, we would all be in a much better place, because we would not have that two-tier rent regulation that the then Minister, Deputy Coveney, introduced. That was a reality, as it is a reality that large numbers of landlords in rent pressure zones, with stable increased their rents, some by 4%, 8% or 12%, and some have gone up to the 22% over the five years. Mr Davitt is right that others have not. However, the point is that many have. We do not know the full quantification of that because we do not have the data. That needs to be said.

On the RTB and mortgage rights, that cuts both ways for landlords and tenants. In cases where a landlord has illegally evicted someone or withheld a deposit, the tenant is equally as vulnerable to the level of bureaucracy. That is not, in the main, the RTB's fault. That is to do with the way in which the RTB's adjudication process works, with the legislation and with the position regarding staffing. It is an issue that landlords and tenants could agree on. Let us have a really efficient dispute resolution system and let us have it quickly. I would go one step further than Ms McCormick. RTB determination should be legally enforceable. It is insane that a tenant who is wronged by a landlord has to go to court to have that upheld and *vice versa*. That makes no sense. However, if the party determined by the RTB to have been in the wrong wants to challenge it in the courts, let that party have its day in court, through whatever mechanism. At some point we have to accept that administrative justice is more efficient. In this case, the less we deal with the courts, the better. It would be good if there was an agreement on those issues.

On HAP, I would say to Mr. Davitt that, in fairness, Threshold has been strong on this, and I will defend its honour. It is ludicrous for a local authority to stop paying HAP because tenants

stop paying their contribution to that local authority. That is insane. It is bad for the people represented by the witnesses. It is also bad for tenants. Ms McCormick is absolutely right that, in some instances, tenants have significant issues going on in their lives. They may have a bereavement, mental ill health, or something else going on. They are then at risk of homelessness, as well as the landlord losing the money for the rent. As long as a HAP tenant is *in situ* in a rental property, the rent should be paid. The sooner we can get that message to the Minister and the officials to get it changed, the better it will be for everybody. We have a situation where HAP tenants who fall into arrears with their HAP contributions are not allowed to enter into a repayment agreement with the local authority, the HAP payment to members of the witnesses' organisations is stopped, and the tenants are evicted. That is the height of insanity.

I know there are issues we do not agree on. I wanted to refer to those issues because I think they are issues on which we can agree. With the Chair's indulgence, I have two other quick questions

Vice Chairman: The Deputy is giving the witnesses 40 seconds to answer.

Deputy Eoin Ó Broin: We will give them a little more because we are not due to finish until 6 p.m. I hear what Mr. Duggan is saying about a perverse incentive. I thank that on board. Let us imagine a world where all landlords did the right thing. Even in that scenario, knowing the cohort of tenants that Threshold deals with regularly, does Mr. Duggan think that tenants moving into tenancies at the upper limit would be able to afford those rents? That was the question I was asking. If we say to landlords that they can reset the rents between two tenants, that means that if I get a notice to quit and I move out, I will have to pay €2,200 for a two-bedroom property in Dublin.

I have a question for Mr. Davitt. Nobody has talked about the tax strategy review by the Department of Finance. Does Mr. Davitt have views in that regard? The Department set out its recommendations. It does not support some of the key requests of the IPOA or IPAV. Do they want to put on record their response to the tax strategy group report? It argues that Government should not do the things that the witnesses are asking and I am interested in giving them an opportunity to respond.

Mr. Patrick Davitt: From my point of view, Mr. Duggan threw in a red herring. IPAV's proposal is that when a tenant leaves a property, the landlord should be entitled to charge the new tenant the market rate.

Deputy Eoin Ó Broin: I think Mr. Duggan understood that. His concern was that-----

Mr. Patrick Davitt: It is the reason why-----

Deputy Eoin Ó Broin: Let me make the point. That might create a perverse incentive for the small number of landlords who may want to avail of the higher rent opportunity. That is what Mr. Duggan was saying. It is a fair observation.

Mr. Patrick Davitt: I think he was saying that this proposal would mean that landlords would seek to evict tenants. That is not the purpose of it. The purpose of this is that when a tenant-----

Vice Chairman: All Deputy Ó Broin's seven minutes were questions. He should allow the witnesses to reply.

Mr. Patrick Davitt: The suggestion is that this proposal would make landlords go out to the marketplace and throw out tenants. That is incorrect. If I have been nice to tenants of mine for years and charging them a certain amount of rent, when they leave and John comes to take the property off me, why should I give him the same privileges I have given others who have been good tenants of mine for years? I prefer to propose that when tenants leave properties of their own volition and when landlords go to rent the properties out again, they should rent them at a market rate. I do not think it is too much to ask. If the tenant cannot afford to pay that market rent to the landlord who I am speaking about, the tenant will have to go to a new landlord, possibly with a new property, where the tenant will have to pay the rent anyway.

Deputy Eoin Ó Broin: Will Mr. Davitt address the question on the tax strategy group report?

Mr. Patrick Davitt: In the context of the tax strategy group report, I thought it was an old issue and that I had heard it all before. I read the report. Being quite honest, I would not agree with some things in the report under any circumstances. I do not think anybody could. It is a strange document. Much of it will be updated over time, maybe even in the short term.

Deputy Eoin Ó Broin: My other question is for Mr. Duggan. Mr. Davitt outlined a limited circumstance. Even in that limited circumstance, what would Mr. Duggan's concern be about affordability for the types of tenants who Threshold works with, with rents being constantly reset to the upper limit of the market rent if permissible?

Mr. Owen Duggan: There will be tenants who are willing to come in and pay those rents and to further minimise their disposable income. Tenants are not giving up tenancies, so where do those tenants go? If they are being offered public, social housing or housing through an approved housing body and are being removed from the private sector, or if they get a mortgage, that would be different. I do not necessarily think that the primary issue for all tenants is affordability. It is just a matter of finding something that they can have. Even if it is way outside their budget, they will figure out a way to pay it and so have their disposable income diminished. That puts upward pressure on the market rent. Where does it end, outside of a property crash? We are just chasing market rent on a race to the top.

Vice Chairman: It is 5.47 p.m. I have a seven-minute slot now, which brings us to a five-minute slot for Senator Cummins.

Senator John Cummins: I just want to follow up on one question and a point that Mr. Davitt made in the limited circumstances. I was trying to work out how one would determine that. I suppose it would involve a situation where a notice to quit has not been issued. In such a circumstance, the landlord could then apply. Some 117 affordable purchase homes were advertised today for Waterford city by Waterford City and County Council. They are three and four-bed homes. Many couples and families who will move into those homes are in the private rental sector. Taking it in the round, one would have to imagine that some of them are probably paying below market rent because the landlord was caught out by a rent pressure zone being introduced. They have probably been in a tenancy for seven or eight years. To be clear, the point that Mr. Davitt is making is that in a circumstance where that couple is purchasing an affordable property, that landlord should be able to go to the market rent. Is that correct?

Mr. Patrick Davitt: That is correct. Limited numbers will be involved in this, but at least it gives some sustenance to some landlords. It will help to keep those landlords in the marketplace.

Senator John Cummins: My final question is for Mr. Duggan. In such a limited circumstance, in a scenario where no notice to quit was issued, and such landlords could reset, would that be problematic?

Mr. Owen Duggan: That creates affordability issues, not just for those tenants who are taking up that tenancy but for the entire market of tenancies.

Senator John Cummins: We are all intent on trying to retain landlords in the market. One of the issues identified in this sector is that many are below the market rent, are being caught as a result and are leaving.

Mr. Owen Duggan: There is a blind spot

Vice Chairman: I notice the seven minutes Senator Cummins did not need are being utilised. Two people are indicating now as well. I will allow Ms O'Reilly, Ms McCormick and Mr. Duggan to come in on that point. I hope I get my seven minutes.

Senator John Cummins: It is an important point. Mr. Duggan raised it in the first instance.

Ms Ann-Marie O'Reilly: From a practical point of view, what has been proposed would be incredibly difficult. If someone from the RTB was here, they would probably be crying because you would have to make sure no notice was issued by the landlord. Would the tenant have to lodge the notice of termination with the RTB? The landlord would have to send a document to the RTB saying he or she is increasing the rent on certain grounds to make sure it is all kosher. There is that practical element. How on earth do you determine market rent in a rent pressure zone? Under legislation, three comparable properties are supposed to be used, which is difficult. How do you do it in a rent pressure zone where supposedly those properties have only been increased by the legally permitted amounts since 2016, though we know that is probably not the case? This comes back to the fact that rent regulation should never be a long-term mechanism.

There is constant speak of landlords who kept their rents low and now are missing out and not making as much money. The rhetoric seems to be they are not making as much money as the guy who brought a property two years ago. They are not losing money or in debt, though some may be-----

Senator John Cummins: Some are.

Ms Ann-Marie O'Reilly: If landlords are not making as much as the fella down the road, I do not think that is a good enough reason. While they may say "They'll just leave", it is hard not to hear that as "We have the power in this. We'll threaten to leave if you don't let us make more money." I am not trying to be callous in saying that but it is difficult to get to a good logical, rational reason for doing so.

Ms Margaret McCormick: It is a private rental sector. Investors move into the sector to invest. We have so much legislation around it and rent pressure zones. We have a 2% cap on changes, while trades have gone up by 30% and general inflation is running at around 10%. We are restricting one set of people for the benefit of another. That set of people is in a situation where their investment does not stack up in terms of continuing to stay in the market.

There is a massive value to landlords being in the market. Private rental landlords give accommodation all over the country, every type of accommodation from houses to rural property.

If we continually lambast and continually change it so they cannot manage their properties, they will leave the sector. I need landlords in the sector. We need landlords in the sector, but 14% of landlords would not recommend being a landlord to a friend, while 79% of tenants said their renting experience is positive. There is a big disconnect about the whole situation.

Dr. Michael Byrne: We do not know the scale of landlords exiting the sector. That is important to bear in mind. There is no robust data on it. RTB figures issued recently showed a spike in the number of notices of termination issued and linked that to sale of property. However, that comes after two years of eviction bans so is exactly what we would expect. Generally speaking, the data suggest there has been a slow, moderate decline in the overall number of tenancies registered with the RTB going back to 2016. There is a danger of a knee-jerk reaction to some kind of crisis exodus at the moment. We do not know that is the case.

Second, there is a capital gains tax exemption for properties purchased between 2011 and 2014 and held for seven years. We do not know how many landlords purchased properties in those years but we know there was an additional 60,000 or so in the overall number of tenancies registered with the RTB. That means a substantial number of properties are moving into the period where they no longer benefit from the exemption, if they do not sell now. A previous policy was introduced which was destined to create a cohort of landlords who needed to exit the sector in order to benefit.

We have heard there is an informal sector with many non-professional landlords playing a huge role. That will lead to difficulties and problematic tenancies. It is inevitable. Hence we need regulation but we also hear there is a cohort of landlords who cannot cope with regulation. That is an inherent contradiction in the nature of the rental sector that we have.

Vice Chairman: Senator Cummins's slot did take seven minutes.

Deputy Eoin Ó Broin: As always.

Vice Chairman: That will bring it to two Sinn Féin slots and two Government slots. My equilibrium buzz is happy. I will focus on the third theme in my question about why landlords are leaving the markets or, as has been asked, are they leaving the markets? It is interesting that nearly everything we talked about points to the fact that housing is a connected infrastructure. We talked about giving landlords access to the Croí Conaithe funds for derelict properties, but if we did that it would push out owner-occupiers from having purchasing ability in that sector. Equally, when a landlord sells a property, it could often be purchased by a first-time buyer. We need the rental sector, but we also need the supply of sale for owner-occupiers. It shows how interconnected the whole thing is. That is why I disagree with Deputy Ó Broin on HAP tenants having access to cost rental. I argued for it at the time and have been persuaded otherwise because HAP tenants have access to the social housing building programme, while non-HAP tenants do not. We know far more social housing houses will be built than cost rental houses; therefore, it would be unfair on people who do not have access to the social housing building programme to have more restricted access to the cost-rental programme. In the long term, I think the Deputy is right; in the short term, it is about balance.

I have talked about why landlords are leaving. The IPOA has articulately put forward the concerns their members have. I ask Mr. Davitt about when they come to him to say "That's it. I'm finished." I have noticed an increase in notices to quit. In August and September in my clinics, it has been a factor. Is that Mr. Davitt's experience in terms of people selling? Second, we have talked about regulations and so on. What is the profile of the person coming to Mr.

Davitt who is selling? Why are they leaving the market? Of course, they are articulating the reasons that have been raised, but if they were changed, would people make different decisions and not leave the market or are they at the end of a life cycle? Help us understand if there is an exodus from the market, if it is different from normal and why people are making that decision.

Mr. Patrick Davitt: Most of our members say that 50% of the sales they are doing at the moment are from landlords leaving the marketplace. Many of those landlords are not issuing determination orders. Tenants are leaving their properties. Hence we came up with this proposal. As Ms O'Reilly would say, I have never heard before that one landlord is making more than the next landlord.

Vice Chairman: Mr. Davitt has had the chance to air that point. My question is whether they are leaving the market and why.

Mr. Patrick Davitt: I will make a different point. Landlords feel they are subsidising rent for those tenants and there is no reason that, if a tenant leaves a property, they cannot charge market rent. It is ridiculous to see we cannot find out what market rent is. Of course we can. Any agent in the country can say what the market rent is in a particular area. All they have to do is check what rentals have been made.

Vice Chairman: Will Mr. Davitt revert to my question?

Mr. Patrick Davitt: Landlords coming to sell their-----

Vice Chairman: So Mr. Davitt is saying 50% of properties sold at the moment are landlords exiting the market.

Mr. Patrick Davitt: Yes, and they are not all from determination orders. That is a big point.

Vice Chairman: Help me understand why they are coming to that decision.

Mr. Patrick Davitt: It is because the tenant leaves the rental property and they know that if they put the property back on the market, they have to endure another six years, possibly, at a minimum, of lower rent than is in the marketplace. So they decide-----

Vice Chairman: Not every landlord selling is coming out of a dispute. There are landlords selling not as a selling of a dispute.

Mr. Patrick Davitt: Not every one of them but a huge percentage are coming out of it and are in that situation.

Vice Chairman: Mr. Davitt is saying a significant portion of landlords who are selling are doing so as a result of poor experiences in the RTB.

Mr. Patrick Davitt: I am not saying that. I am saying that a huge percentage of landlords who are selling are doing so because when they get their properties free, if they go to rent them out again, they have to do so at the same rent. Hence, they will not do so. Some landlords are saying, "Yes, of course".

Vice Chairman: Are they selling because they believe they are selling at a below-market rate because of the rent-pressure-zone limitations on the rental price?

Mr. Patrick Davitt: Yes, exactly. In that particular case, when they sell on the open market, they can sell to a first-time buyer or somebody like that who can come and buy the property.

They are not stuck with having to sell to an investor because if an investor buys the property-----

Vice Chairman: Are the people in that scenario with active mortgages and borrowings against their properties or are they people who have cleared their borrowings?

Mr. Patrick Davitt: It could be a mix. Some of them could have active mortgages against their properties. Some of them could be mortgage-free. It depends on when they bought them, what happened with them when they bought them and how they managed to pay back their mortgages ever since.

Vice Chairman: I realise this is anecdotal. For whatever reason, landlords are making a decision to sell. I am trying to get an overall picture of why that is. In part, Mr. Davitt is saying it is because they believe the chargeable rent is below the market rent rate.

Mr. Patrick Davitt: That is correct. Believe me, I am trying to give the Vice Chairman a picture. I do not want to confuse it. We could talk about the reasons why, the different type of rents and the different values.

Vice Chairman: Is it people who are coming with their hands up and saying that they cannot cope with being landlords anymore and that they do not want to be landlords?

Mr. Patrick Davitt: Some landlords would have bad experiences, possibly with tenants, and they have got determination orders as a result. They were not paid rent, maybe for a long time. Perhaps damage was done to the property, as we have heard here earlier on today. There will be landlords like that.

Some landlords are possibly getting old and are saying that it is time to get out of the property market. These would be a small percentage because many of them will hand the properties over to their families or whatever the case may be. There are different reasons for this happening.

Vice Chairman: I think Deputy Ó Broin made the point that maybe it is not sustainable for some landlords to continue because they are not able to absorb the administrative burden that comes with being a landlord. Given that we have now made the standards for landlords more professional, is it that some people will exit the market as a direct result of that new administrative level, which many people would agree is fair?

Mr. Patrick Davitt: No matter what administrative level one moves any business to, one will always find that people will get out. There are a certain amount of landlords that are moving out because of the fact that they cannot deal with the RTB. This new portal that the RTB has is obviously a problem. There are many problems in the marketplace and these give rise to the reasons for which landlords will sell. The biggest one is that when tenants leave, landlords cannot charge market rent again. They have been good to a tenant previously and now they are going back into another scenario of six years, at a minimum, and they have to accept the same rent again.

Vice Chairman: IPAV represents those involved in commercial property letting as well as people who engage in residential property letting. In the commercial setting, there is a great deal of regulation. For example, if leases go beyond four years and eight months, there is the renewal of business rights, etc. Commercial letting continues to be a productive sector. Can one compare the two markets?

Mr. Patrick Davitt: There is no problem with comparing the two markets that we are speaking about. If one goes beyond the four years and nine months or, as we look at it now, the five years, one gets into a situation where one gives a lease on the property and the tenant takes a lease on the property. If we get into the same scenario, as some commentators are proposing at present, of a ten-year lease where the tenant would have the leasehold of the property, the person who holds the leasehold has different responsibilities. If tenants are prepared to take that, it would certainly incentivise landlords into renting on a long-term basis, but what if we are looking at a landlord giving a tenancy for ten years and paying all the charges and every time the washing machine breaks down or whatever, still being still called on to do X, Y or Z?

Vice Chairman: I appreciate I am over time but perhaps I will put that question to the IPOA. If, similar to commercial leasing, where people who go beyond the five-year period take on a different type of tenancy but it is a tenancy that people have the right to renew, which would give security of tenure, Mr. Davitt is indicating that landlords would be willing to accept that responsibility. Would the IPOA agree?

Ms Margaret McCormick: We originally came out with the Home for 12 initiative. We felt that would have worked. The biggest issue now is the legislation. There is no confidence and stability in the market. In a situation where the property is rented, there will always be a market of people who would be happy to give the property for a period, but at some stage they need to be able to get that back. Given the rate at which the legislation is changing and the difficulties with the legislation, it makes it less desirable.

The properties have to be maintained to a certain standard. They have to be looked after. We need to ensure all of that for the property because the risk is all on the landlord. The landlord is the one who borrows. The landlord is the one who takes all of the risk all of the time. The legislation has changed continually. We currently have indefinite tenancies unless we are selling or we need it for a member of our family. Such tenancies have been introduced. The IPOA is not against regulation or legislation. What we need is workable legislation. The legislation that is in place now is not outcome-focused. If one goes into a hearing, one technical point on something causes chaos. It means that the tenant can remain in the property. The system needs to be simplified. It needs to be workable for both the tenant and landlord, and it needs to be enforceable.

Deputy Eoin Ó Broin: Can I refer to inflation?

Vice Chairman: For our report later on, it is worth putting on the record.

Deputy Eoin Ó Broin: Interestingly, when the then Government introduced the long-term leasing scheme in 2010 whereby a property owner handed over his or her property, he or she was not a landlord and he or she did not have the costs and the charges, there was an expectation on the part of the Government - I worked in Focus Ireland at the time - that there would be a big uptake for all of those reasons. The level of uptake was tiny. In fairness, when the Minister of State, Deputy English, worked on the enhanced leasing scheme, there was an expectation in 2018 that there would be 2,000 leases a year. Government undershot its targets by 50%. It could only get 1,000 a year. When one looks at the support to live independently scheme and the enhanced leasing scheme, the evidence is that even when a person is offered a ten, 15- or 20-year lease where he or she is a property owner, not a landlord, the willingness of property owners to engage in those schemes is limited. I know there are other issues with them. I am not convinced that would deliver the yield.

Vice Chairman: That comes back to my suspicion regarding the conflicting roles that a property owner-landlord has. Such individuals continuously want the flexibility of the asset sale, but there are also the responsibilities of being a landlord. There is a conflict there. I appreciate it but, particularly, the points made on the RTB were not lost on me. I would say that each of these organisations probably have leases on offices that they rent. Some might be by way of a licence but they will accrue tenants' rights as businesses. The attempts were to try and introduce certainty for residential tenants that was there for many years for business tenants. That is where we want to get to.

Mr. Patrick Davitt: Can I offer one point?

Vice Chairman: Of course.

Mr. Patrick Davitt: On the sale of these properties that the Vice Chairman is speaking about, if somebody takes a long-term lease on the property, he or she has the leasehold on the property and the landlord has the freehold on the property. At any time, the landlord can sell that freehold of the property based on the covenant that he or she has. Landlords can still sell the property if they want. Whether I am the landlord, Mr. McCourtney is the landlord or Mr. Coffey is the landlord makes no difference to the tenant because the tenant holds the leasehold on the property.

Vice Chairman: Perhaps that is a message which is not often heard by landlords. Equally, if they were held in a company, the shares in the company could be sold and the tenants would remain.

Mr. Patrick Davitt: Exactly.

Vice Chairman: I will let Ms Conway make the last point.

Ms Mary Conway: The nature of renting has changed significantly over the past few years. I have been a landlord for 27 years and I have seen major changes. Initially, I would have rented to students and they would have moved on or whatever. The failure of the building of social housing is the basis of this. People are renting now who should never have been renting. They should have got social housing. Everything has changed and the system has not changed with it.

Vice Chairman: That is a point on which we can all agree.

I thank the witnesses for their participation. This has been a constructive meeting.

The joint committee adjourned at 6.09 p.m. until 9.30 a.m. on Thursday, 22 September 2022.