

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM THITHÍOCHT, PLEANÁIL, POBAL AGUS RIALTAS ÁITIÚIL

## JOINT COMMITTEE ON HOUSING, PLANNING, COMMUNITY AND LOCAL GOVERNMENT

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*Dé Máirt, 21 Feabhra 2017*

*Tuesday, 21 February 2017*

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The Joint Committee met at 11 a.m.

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### MEMBERS PRESENT:

Deputy Pat Casey,	Senator Paudie Coffey,
Deputy Ruth Coppinger,	Senator Collette Kelleher*
Deputy Barry Cowen,	
Deputy Eoin Ó Broin,	
Deputy Fergus O'Dowd,	

\* In the absence of Senator Grace O'Sullivan.

DEPUTY MARIA BAILEY IN THE CHAIR.

## **Business of Joint Committee**

**Chairman:** At the request of the broadcasting and recording services, members are requested to ensure that for the duration of the meeting their mobile phones are turned off completely or, depending on the device used, switched to airplane, safe or flight mode, as they interfere with the broadcasting of proceedings. It is not sufficient for members to leave their phones in silent mode as that will maintain a level of interference with the broadcasting system.

Apologies have been received from Senator Grace O’Sullivan, who will be substituted by Senator Colette Kelleher. No further apologies were received. With the agreement of members, we will go into private session to deal first with some small housekeeping matters. Is that agreed? Agreed.

*The joint committee went into private session at 11.06 a.m., suspended at 11.08 a.m., and resumed in public session at 11.12 a.m.*

## **Housing Rental Sector Strategy: Discussion**

**Chairman:** I welcome Ms Bairbre Nic Aongusa, Mr. Earnán Ó Cléirigh, Ms Catherine Higgins and Ms Paula O’Reilly from the Department of Housing, Planning, Community and Local Government, Ms Rosalind Carroll and Mr. Pádraig McGoldrick from the Residential Tenancies Board and Mr. David Silke from the Housing Agency.

Today’s meeting will involve engagement with witnesses on the strategy of the rental sector.

I wish to draw attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. The opening statements submitted to the committee will be published on the committee’s website after this meeting.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

Having received the opening statement from the Department in advance, we will now take it as read, and with the agreement of the committee, will go straight into questions.

I call Deputy Ó Broin.

**Deputy Eoin Ó Broin:** I thank the witnesses for their submissions. I offer my apologies since I am one of a number of Deputies who have to leave for a meeting of the Joint Committee on Future Funding of Domestic Water Services at 11.30 a.m.

The witnesses know the position of many of us on rent pressure zones. I am not going to

rehearse that argument but I have specific questions for all three bodies represented. I am concerned that the second phase of inclusions into rent pressure zones has left many areas out. It does not include anywhere in Waterford or a significant amount of the commuter belt in Meath, Louth etc. I have three specific questions.

I would like witnesses to explain to us the rationale behind the criteria, both the requirement for the rent in the designated area to be above the Statewide average and the logic of the 7% increase in four of the previous six quarters. Where did this come from? Why was this chosen? Many of us worry that it is going to be quite exclusive.

The other issue is that the areas can only be designated according to legislation for local electoral areas, LEAs, or county council areas. This is a particular problem in Waterford, for example, whereas if one went down to district electoral divisions, DEDs, or small area statistics - for which we should have the data - there could be a much more refined system. Why were DEDs or small areas not included? Is there consideration of those? None of that should be taken as me supporting the policy but if the witnesses really looked at those criteria and areas of application, more people could be included in this, albeit a very weak measure.

**Deputy Fergus O'Dowd:** I welcome the witnesses today.

I am concerned about the way decisions on the rent pressure zones are made. I have specific questions if I may put them to the people present. I have spoken to the Private Residential Tenancies Board, PRTB, the Economic and Social Research Institute, ESRI, the Housing Agency, the Minister's office and many other people. I remain unconvinced that the statistics are accurate.

I will put my question in the form of a fact. I thank the Housing Agency for releasing to me the document given to it by Louth County Council without question. The document clearly states, on rent pressure zones, that there is a lack of available property to rent in County Louth and it has driven the cost of rents up, particularly in Drogheda and Dundalk. On the matter of supply of private rental properties, there are a number of properties currently advertised. The rents vary from €1,000 for a two-bedroom terraced house to €2,000 for a five-bed house and €1,400 for a three-bed house. These rents are not sustainable or affordable for the vast majority of people. The evidence that was given about the process by the council was that there were unsustainable and unaffordable rent increases. That document was not passed on past the Housing Agency. I am not being personally critical of anybody but it was not passed on. Therefore the argument that Louth County Council is making and I as a public representative am making about the rent pressure zones is that they are not taking into account actual rents or the views of the local authorities.

The other key point is this. The two parameters were that one had to have an increase over four of the six preceding months. The increase in rent in Louth, and certainly Drogheda, was greater than the national average in six out of six quarters. Rents are out of control there.

The other issue is that poverty-proofing was not taken into account in the formula. If the housing assistance payments are the key criteria for families with lower incomes, why was it not taken into account that housing assistant payments in County Louth and Drogheda in particular are higher than all other areas in the country, including a significant number of these rent pressure zones? The formula benefits the landlord but does not benefit the poorer person.

At the very core and heart of the witnesses' decision-making is the involvement of *daft.ie*,

on which I cast absolutely no aspersions. It is a professional organisation for which an eminent academic works. How accurate are the rents that it puts on its web pages? I believe that those figures are not accurate. That is what landlords say they are asking, but what landlords demand is many times higher than that. I have evidence from my constituents that there are under-the-counter payments to landlords, that rent has an official value, but there is competition among tenants based on under-the-table payments to the landlord. How can the system be made fairer? Would it not be more reasonable to look at the housing assistance payments, HAP, rather than what *daft.ie* says the rents are? HAP is the true payment, and the true support, particularly for poorer families. These are the people who are suffering the most.

**Deputy Pat Casey:** I have some questions about the methodologies used. I would like to think that it was worth the fight to get rent pressure zones, RPZ, extended beyond the initial zones and into the neighbouring zones. That was a hard-fought fight and was well worth doing at the end of the day. Within that, and within my own constituency in Wicklow, we are seeing anomalies arising almost immediately with the methodology that is used. I will use Greystones as one example. Rental increases in Greystones probably began in 2013 and peaked in late 2014, and have not hit that 7% over a full period of inflation over the last six periods, so it rules itself out, yet Greystones and the Kilcoole area have probably the highest rental prices in Wicklow, comparable with most of Dublin. Even this morning the cheapest two-bedroom apartment available in Greystones was €1,500.

**Chairman:** Apologies Deputy Casey, is there an iPad or a phone beside a microphone? People watching will not be able to hear what you are saying.

**Deputy Pat Casey:** The other example is Blessington, on the far side of the hill. Its proximity to Dublin has put it in a massive rent pressure area but it does not qualify because it is part of the local area that extends for 60 km all the way down to Carnew and Tinahely, which is mostly rural. The case must be made as to whether this should be looked at on a town basis as opposed to a local area basis. Perhaps if the Department could comment on those two specific items.

Deputy O'Dowd made the interesting point that Louth local authority made a submission. Has each local authority made a submission, and if so, would that information be available to the members of the committee? It would be well worth getting that information and confirming what is in it.

Does the Residential Tenancies Board, RTB, make the decisions about who is in and who is out of that process?

**Deputy Ruth Coppinger:** I have to leave at some time after 11.30 a.m. for another event, so I apologise.

Everyone will have seen the recent rent figures confirming the highest rent increases since records began. According to Focus Ireland, one in three tenants struggles to pay rent every month, and one in nine is worried about losing his or her home. That shows us that this threat is right across a range of incomes. It affects not only the most vulnerable people who are on rent allowance, but also is a real threat to the security of families across a whole range of incomes. Have rents been increased deliberately by landlords in anticipation of the rent pressure zone legislation? It increased faster in the last quarter than at any time. Rents have actually gone up 50% since Fine Gael took power, over this Government and the previous Government. That is an incredible figure and it speaks volumes.

I too have questions on how the zones are designated. One has to wait until it is over a number of quarters. Looking at Limerick, rents went up by 12.5% last year but not over long enough of a period. It is as if we are waiting for cities and towns to reach the Dublin crisis before we intervene. It is completely wrong and I have said this since the time of the legislation.

My substantive question is about policing of the new regulations. How can we tell if landlords are complying with the rent review period and the rent increase limits? When the changes were brought in at Christmas we argued in an amendment that a landlord should have to produce a certificate from the RTB showing the tenant what the rent was. It is impossible for tenants to know if landlords are complying with this legislation, and there is no in-built policing in it. Ms Rosalind Carroll from the RTB confirmed recently at a housing conference that the board is not notified of rent increases. The records only show what the rent was at the start of the tenancy. The RTB does not know what the rents are at the end. How do we know that a landlord is going to comply with the 4% limit? There is such competition for accommodation that a tenant will not question a landlord. I have serious question marks over how this will be implemented. If the RTB does not know what the actual rent on a tenancy was when the previous tenant moved out, how can it know if landlords are complying and how is a tenant supposed to know if a landlord is telling the truth when he or she makes the legal declaration to the tenant? Is it likely that tenants are likely to query such a statement, given that they are in a queue to get accommodation? The chief executive officer of Focus Ireland, Mr. Mike Allen, has pointed out that many agencies have already heard of landlords simply ignoring the 4%. How is this to be monitored?

If it is so easy for landlords to break the 4% cap, does that not create an incentive to evict sitting tenants and get new tenants in? I am not confident that this will stop the dubious evictions. We tabled a Bill in respect of this issue during January.

On pages ten to 11 of the document, the prospect of identifying public land to sell to developers to build private rented accommodation is discussed. The sell-off of public lands is a major problem in my opinion. As new landlords do not have to comply with the 4%, will the new landlords on these RPZs, to which the witnesses advocate the land be handed over, be obliged to comply or will the sky be the limit for them? Has a problem been created there?

**Chairman:** Are there plans in the future to review the criteria where local areas will qualify to be in a rent pressure zone?

I welcome the fact that from this initiative, 178,000 people now have security for the next three years and know exactly what they will be paying. I know that what is being attempted here is a very delicate balance and we need many answers to be teased out here today. Notwithstanding that, the security that we have given those people on foot of the actions that this committee assisted with before Christmas will benefit those families and will give them security of tenure for the next three years. That is important to note.

I would also like to know what is the long-term strategy for the sector and how we can ensure that landlords do not leave the rental sector because supply is a massive part of this. What are we doing to ensure that landlords do not leave the rental sector? What are we doing to improve the standards in the rental sector?

**Ms Bairbre Nic Aongusa:** I will answer the questions in the order they were asked. Deputy Ó Broin and many others questioned the rationale behind the criteria we have. The rationale for the RPZs was set out quite clearly in the strategy, and the key point is that rapidly increasing rental inflation is the most significant challenge facing the sector. Ultimately the solution is to

be found in increasing the supply of rental properties. While the supply is coming on stream, it is very important that we have a targeted, time-bound and transparent policy response. The rent predictability measure is targeted and time bound in order to alleviate the pressure while new supply comes on stream.

In terms of the rationale for the 7%, the measure targets areas where rents are rising rapidly and are unsustainable. We were legislating at a time when the average national rent was increasing by 9%. A 7% increase is seen as unsustainable. Similarly, the rise had to be consistent over time.

Areas were chosen where the rents were already high, that is, above the national average and where the rents had consistently been rising rapidly over the period of the previous six quarters. Those are the two tests that are applied and set down in the legislation passed by Dáil Éireann before Christmas.

Regarding the local electoral areas, the Deputy will recall that in the debate in the Dáil, the Minister spoke about the fact that some local authority areas already met the criteria and were designated immediately, including the Dublin local authorities and Cork city, but he also gave a commitment that we would consider trying to get data for smaller local electoral areas, and we delivered on that. The additional rent pressure zones orders were made in January to bring in the additional areas.

It is very early days. Ms Carroll and Mr. Silke might discuss in more detail the process that was involved but, in fairness, the Residential Tenancies Board, RTB, has done a huge amount of work in a very short period of time to assemble the data and be able to do the kind of analysis that allowed the Minister to designate 12 additional local areas and examine 15 others against the criteria in the Act.

**Deputy Eoin Ó Broin:** In terms of the availability of the data, is it technologically possible to look at district electoral divisions, DEDs, or small areas? Is that something that can be done from the data sources available to the RTB and the Housing Agency?

**Ms Bairbre Nic Aongusa:** I might ask Ms Carroll to deal with that.

**Ms Rosalind Carroll:** Yes. The methodology for this is very complicated. Originally, when we did the rent index it was always based on national data, Dublin data and outside of Dublin data so in a very short space of time we have had to be able to analyse our data at a much more granular level than we had done previously. That meant we had to review our methodology with the ESRI. We use a hedonic regression methodology, which essentially means that we can look at the property characteristics. When we look at data currently we might see simple averages, and there is no weighting in them for a one-bedroom, two-bedroom or three-bedroom house. What we needed to do was analyse whether there were enough data within the local electoral area, LEA, level to be able to say whether there was a sufficient population size within that area to allow us make any proper and substantive analysis that we could stand over. We have done that at LEA level. We do that by building up from an electoral district, ED, level but we would have to do further testing in terms of methodology to see if there was enough of a sound population size across the country to bring it down to ED level. I am not trying to avoid answering the question but it takes a good deal of work and it is something on which we do quite a lot of testing before bringing it any further.

**Deputy Eoin Ó Broin:** I appreciate the answer but the only reason I ask is that in Waterford

city, for example, there would be EDs which have a high concentration of rental properties on which the Department probably would have a sufficient amount of data but because they are surrounded by EDs and the LEA that have different rents, those areas are excluded. In some cases, anecdotal evidence suggests that their level of rent stress could be even higher than areas that are included. Cities such as Waterford or some of the commuter belt areas, particularly those close to Dublin, might warrant the Department going back to that ED level if that is possible.

**Ms Bairbre Nic Aongusa:** The Chairman asked whether there were plans to review the criteria. In a statement in the Dáil on 15 December during the passage of the Bill, the Minister made it very clear that he had a commitment to review the effectiveness of the implementation of the rent pressure zones in June.

Today's discussion is very welcome because we will be able to take on board people's views and concerns about all of the issues to do with not only how the process works and how the data are used but also criteria. We will also be in a position by June, after six months of the measure being in place, to review its effectiveness. It is worth bearing in mind the objective, which was to moderate rent increases in areas where rents were rising consistently and were well above the national average. The objective was never to have rent control across the country. It was very clear during the debates in the Dáil that that was the intention of the Bill.

We will be reviewing the entire criteria but even before that the Housing Agency, and Mr. Silke may wish to speak about this later, has a function to monitor the rents on an ongoing basis and as each new quarter arrives, there will be new data. The RTB quarterly data will be available in the coming weeks and the data for Quarter 4 of 2016 will be reviewed. Some areas such as those mentioned by Deputy O'Dowd will be reviewed again in light of those data.

**Deputy Fergus O'Dowd:** I do not want to interrupt Ms Nic Aongusa but my question was more fundamental to-----

**Chairman:** Would Deputy O'Dowd mind if we allowed the witnesses to finish?

**Deputy Fergus O'Dowd:** I apologise. I will come back to it.

**Ms Bairbre Nic Aongusa:** Before she leaves I will answer Deputy Coppinger's question on what can be done about landlords who may be abusing the system or whatever. The key point is that we have quite a number of provisions in the Act to ensure that the tenant is fully informed of what is happening. The landlord is required to give a notice of new rent in writing and include information on the dispute resolution procedure. The tenant is told that if they are not happy with the rent set it is open to them to refer the dispute to the RTB. The landlord must provide detail on three other dwellings and, in the case of a new tenancy, the landlord has to provide the tenant with details of the previous rent so the tenant can do his or her own calculation to see whether the rent is in compliance. The RTB services are available to both landlords and tenants to inform them as to how the procedures are working but it would not be appropriate for the RTB to be policing it in the sense of being judge and jury. The RTB is an independent body.

The most effective way to ensure that the procedures are not abused is to empower tenants, and landlords, by giving them as much information, training and details on their rights and the rules. We acknowledge that it is quite complex but on that basis, the RTB is working towards providing more information and developing a one-stop shop where there will be a portal for

landlords and tenants to get that information. Rather than having anybody policing externally, the most effective policing of it will be empowered tenants who know their rights and who can challenge landlords when they are abusing the process. In fairness, most landlords want to obey the law and they need support also in terms of being given information on the requirements, how to calculate the rent due and so on. We are committed to doing that.

On the question of evictions, there are many provisions in place to prevent evictions.

On the long-term vision for the rental sector, currently, we have social rental and private rental but for the rental market to function effectively in the longer term we believe we need to develop a not-for-profit rental sector and one of the actions in the strategy is to put together an expert group to examine the issue of cost rental. There is a commitment in the programme for Government that acknowledges that other European countries that have socially progressive and inclusive housing systems have a sector which provides rental accommodation to low-income families at rents which are below market rate. In the medium term, we would like to develop that kind of middle sector in the rental market, which would have the effect of moderating and stabilising rents in the longer term because the provisions we have now, the rent pressure zones, are short-term, time-bound, targeted provisions to address rapidly rising rents but structural reform is needed in the longer term. Ms Carroll or Mr. Silke might like to give some more detail.

**Deputy Fergus O'Dowd:** I am not satisfied with the response as my issues have not yet been addressed.

**Mr. David Silke:** Let me explain the process the Housing Agency went through. The Housing Agency's first port of call was to look at the available data. The Deputy asked whether the available data were accurate. They are probably less accurate than the data the Residential Tenancies Board Ireland, RTB, has now but they were the best available data at the time. There were two main sources of data. One was the third quarter of 2016 report of *daft.ie* which indicated that rents in County Louth were just over €900 at that time. We also looked at the available data from the Residential Tenancies Board on average rents. This did not weight for differences in terms of the number of bedrooms and so on, that Ms. Carroll mentioned earlier, and its figures indicated that rents were in the region of just over €800.

**Deputy Fergus O'Dowd:** I spoke to the director of RTB, Ms Carroll, who said she would get back to me on this issue, but I did not hear from her on the formula the RTB uses to calculate the average rent. I know it is a complicated issue. I have discussed it with the ESRI as well. I am not being critical of what was said, but the point is that 15 areas were recommended, but County Louth was not included.

**Mr. David Silke:** That is correct.

**Deputy Fergus O'Dowd:** I cannot understand why County Louth was not included. That is the nub of the question, particularly when the information that was forwarded was that there were 20 applicants for every single house, rents were spiralling out of control and the council said the rents were unaffordable. What was the reason it could not be recommended that housing in County Louth be looked at whereas other areas that did have the same issues were recommended?

**Mr. David Silke:** I will address the question on County Louth. The information the local authority provided related to January of this year, 2017, but the timeline for the designation of



the rent pressure zone, RPZ, is the end of the third quarter of 2016, which is the time of the most recent rent index, and this is what is laid out in the legislation. We gave more weight to the information that was more time linked to that period of September 2016.

**Deputy Fergus O'Dowd:** The RTB did not pay attention to the case that Louth County Council was making and did not take it into account because it did not refer to the third quarter of 2016, notwithstanding the statement from the PRTB at that time about rents in County Louth being especially high and the increase in rents being greater than 15% in the previous 12 months. Am I correct that this is what the Housing Agency said?

**Chairman:** Will Deputy O'Dowd allow Mr. Silke to finish, as he may actually answer his question?

**Deputy Fergus O'Dowd:** My understanding of what he is saying is that Louth County Council did not meet the formula that he had. The facts were that people could not pay the rent, that rent was unaffordable and unsustainable and there were 20 applicants for each house. Rents were shooting up and the evidence supports this. The formula missed the poorer families getting support. Those in County Louth were getting a higher payment than anywhere else. I am not against any place that was designated as a rent control zone, but greater supports were provided in County Louth for poorer families and that was not included in the formula. I think the formula is wrong. If there is a recognition that rents are sky high, unsustainable and unaffordable and yet we cannot get into the marketplace to protect tenants, the formula does not work. My constituents are very cross about this.

**Chairman:** I know Deputy O'Dowd is very passionate, as I am myself, about this issue.

**Deputy Fergus O'Dowd:** I am, indeed.

**Chairman:** We might allow Mr. Silke to finish without interruption. I think Ms Carroll wishes to come in as well.

**Mr. David Silke:** I appreciate the Deputy's interest. We felt that County Louth would not meet both of the criteria at this time. While it may have had issues in regard to rent inflation, it was very unlikely to be above the national average rent of €973 as it was at that time. We recognise it as an issue and it is something we will be looking at. We are monitoring all of the areas, both the areas that have been designated to see what impact that designation has had and those areas that have not been designated to see what impact not being designated has had as well. When the next rent index is published, we will be looking at those areas to see whether there has been a continuation-----

**Deputy Fergus O'Dowd:** My question is whether all of the 12 to 15 areas that were recommended met the criteria.

**Mr. David Silke:** Twelve of the 15 areas met the criteria.

**Deputy Fergus O'Dowd:** Of the other three, what were the issues? Did they meet the criteria that Louth County Council met, even though it was not included? I do not think they did. They did not.

**Chairman:** We might as well allow Mr. Silke to answer the question, if that is okay.

**Mr. David Silke:** One of the areas we have discussed is Cobh and why we chose it rather than-----

**Deputy Fergus O'Dowd:** These areas did not meet the criteria.

**Mr. David Silke:** Yes.

**Deputy Fergus O'Dowd:** Louth met at least one of the criteria and it was not included. That is the core of my point. My point is that the formula is wrong and it does not work. It did not work and that is unfair on my constituents. It is unfair to people who cannot afford to get a house.

**Chairman:** The Deputy might let Mr. Silke finish because he is saying that every place is being reviewed on an ongoing basis.

**Mr. David Silke:** In regard to Cobh, the area designated as Cobh is much bigger than the town of Cobh and goes up around the north of Cork city. As the Deputy knows, Cork was designated as a rent pressure zone. We put forward Ballincollig and Cobh as the two areas as they would form a doughnut around Cork city. The rents in Cobh are higher than the rents in Louth, according to the data we had at the time. As the Deputy knows, Cobh did not meet the designation criteria.

**Chairman:** Ms Carroll wants to come in. The witnesses might have the answer the Deputy is looking for if he would allow them to answer.

**Deputy Fergus O'Dowd:** I would like to ask a few more questions to get at the core of the issue.

**Chairman:** We have two hours and we have plenty of time and I will not be limiting anybody from asking any number of questions. However, we might allow them to finish what they are trying to answer.

**Ms Rosalind Carroll:** I wish to clarify the role of RTB in respect of the process. Once the Housing Agency makes a referral, it goes to the Minister. The Minister then must refer it to the RTB for us to look at it. We either confirm that it meets the criteria or that it does not. There is no discretion on the formula. The issue of the formula, where the increase must be over 7% in four quarters, is defined in legislation. There is no discretion in terms of whether something does or does not meet the formula. It also has to relate back to our last published rent index, which in this case was the third quarter of 2016, and it is this which we would have been referring to. In spite of the fact that Drogheda was not referred to the RTB, I can tell the Deputy that it would not have met the criteria. The average rent in terms of our rent index was €909. It would have had to have been more than €973 to meet the criteria. It was a bit out.

Deputy O'Dowd asked about methodology. We have now published that on our website and all the reports are on the website. We are trying to be as transparent as we can with the data.

It is not a simple average, so it will take account of the types of properties in the area and it also looks at new rents only. Deputy Copping mentioned earlier that our existing rents data is not often updated because landlords do not telephone us and tell us every time they review a rent. Therefore, the data that we use to inform our analysis are the new registrations in that particular quarter. We had across the country just over than 30,000 new registrations for the third quarter and that is what we would have based our analysis on. Our next rent index is due to come out on the week of 20 March. We are pushing to be more transparent with our data. Up until this point, we only ever had data for Dublin and outside of Dublin. We will be trying to publish more of the local electoral areas, LEA, data, as time goes on. All of this has happened at

quite a pace and how much of that I get to will depend. We are trying to ensure we get to those data relatively quickly. We will have some elements of LEA data available within the next rent index report, which will be published in the week beginning 20 March and which will relate to the fourth quarter of 2016.

**Chairman:** Does Ms Nic Aongusa want to come in?

**Ms Bairbre Nic Aongusa:** I reiterate - Ms Carroll has already referred to it - the criteria are clearly set down in legislation and all of us have to work within the law. The important point - we were quite deliberate in this - is that the process is independent of the Minister in the sense that he or she has no discretion in terms of deciding whether an area is in or out of a rent pressure zone. The process is set down clearly. The Housing Agency has to consult with the local authority concerned but the Housing Agency then makes its independent judgment as to what area is put forward to the Minister and then the Minister must refer the areas on to the RTB. The RTB's function is simply to do the calculation and see whether the area meets the criteria, which are set down in the legislation. When the RTB reports back to the Minister, once again the Minister has no discretion. If an area is in, the Minister makes the order and if the area is out, the Minister cannot make an order.

With each quarter we will get fresh data and with each quarter the Housing Agency will look again and may or may not make further recommendations to the Minister. As I stated earlier, as part of the discussions before Christmas the Minister stated that he will review the effectiveness of the process in June. That is quite early on. It is only six months. It is very early days. The system has been in place for less than two months. We will be reviewing its effectiveness and reviewing the criteria again in June, and we very much welcome views on it.

Earlier Deputy Casey stated there are anomalies arising also in Wicklow and we are aware of them. As I stated, the Housing Agency consulted with each local authority and all of the local authorities would have been in touch with the Housing Agency. As I stated, it is not the RTB that makes the decision. The decision is made based on the criteria. It is the facts that make the decision. There is no objective place here. It is the measurement.

**Deputy Fergus O'Dowd:** That is not the case.

**Ms Bairbre Nic Aongusa:** Another important point to bear in mind is that the index in question is the RTB index. The Deputies who were here earlier made reference to the *daft.ie* index, which is very different. There is a lot of confusion when it comes to media commentary about rising rents, between the RTB index and the *daft.ie* index. The *daft.ie* index is the asking rents for properties that are on that website. It is not an indication of all rents in the country. The RTB index is about the new registrations with the RTB, which is rents agreed between tenants and landlords. It is important to bear that in mind.

The other point to bear in mind is that, as we all will be aware, not all rented properties are advertised. The *daft.ie* website only captures those properties that are advertised and it is not as accurate a reflection of rising rents as the RTB index, which is why the legislation is clearly tied to the RTB index.

**Deputy Fergus O'Dowd:** Why is *daft.ie* used?

**Ms Bairbre Nic Aongusa:** *Daft.ie* publicises its statistics.

**Deputy Fergus O'Dowd:** It is used in the formula.

**Ms Bairbre Nic Aongusa:** Absolutely not. The *daft.ie* index is not used in the formula.

**Deputy Fergus O'Dowd:** There is a reference to *daft.ie*.

**Ms Bairbre Nic Aongusa:** No.

**Deputy Fergus O'Dowd:** There is. I spoke to others about this. I will come back to the Department with the facts. One principal point where Ms Nic Aongusa is absolutely wrong, with respect, is that the facts were not presented to the Minister because the Minister, in the case of County Louth, did not see the documentation even though it met at least one of the criteria but he saw at least one other area that met none of the criteria. I am not being personal or critical. If the facts are fairly presented to the Minister, Louth would have been the 16th of those. It was excluded. I am not laying blame. That is merely a fact.

To go back to the rents, part of the problem is that if I am renting a flat in Drogheda, Dundalk or Ardee, what happens is the landlord tells me that he or she is putting up my rent, for example, by €200 a month, and I can take it or leave it. Unfortunately, the tenant has to take it because there are no other houses. There is no other supply. The Department talks about the increasing supply. There is no supply. There is nothing coming on the market and therefore, rents are going ever upwards. That is the problem in County Louth. There is no supply. There is increasing demand. There is massive exploitation of tenants in rent increases.

I appreciate the Department might want to wait until June to review this damn thing. That is far too long. Ms Nic Aongusa states it is six months. It is six months of hell for those who cannot get a place and if they are renting a place, they will be thrown out of it. They are living in fear. They are coming into my office - I do not know about that of my colleague here from Wicklow - in fear. They do not know what to do.

On the core of the issue, I will ask a direct question. If the Government, in its wisdom, decides to increase housing assistance payments, HAPs, for poor families, should that be a criterion? In other words, the greater housing assistance payment for the category of person should be included in the assessment of whether it should be a rent pressure zone because by increasing the support for poor families, the Department is accepting that these have a greater need, they cannot afford the rents and the Department is giving them a greater subsidy. Should that not be part of the formula? Should that not change?

**Chairman:** Did Deputy Casey wish to come in?

**Deputy Pat Casey:** I will not go back into all of the details. I suppose I am getting a better understanding of how we could progress this in the future. On the anomalies I identified earlier, does the Department agree that these are plausible anomalies that could be addressed in the future? For example, Greystones has the highest rents in Wicklow but is not in a rental pressure zone because it did not tick two boxes. In fact, that was due to a high rise in rent in 2013 and 2014.

Another little bit of local knowledge coming through is that Arklow has been left out of it. Locally, we have seen significant increases in rents because landlords are worried that they will end up being in a rental pressure zone and are taking the opportunity to increase rents substantially.

There is a review process in June. Would the Department recommend any changes to the criteria that are being used that would allow for towns - for example, Maynooth and Blessington

where there are rent pressures but, because of the LEA, they cannot tick both boxes - to qualify?

I suppose we need to get to where we are going. Overall, this has to be seen as a positive for renters out there. It is trying to deal with the anomalies that we are identifying and how best to address them in the future. In Wicklow, a commuter belt, there are such anomalies beginning to raise their heads, as we have identified.

**Chairman:** I will ask one or two supplementaries as well. We all have areas that would like to be in this that did not reach the criteria for whatever reason. It is my understanding that they are constantly under review and that the Housing Agency is working with all local authorities on a regular basis. If so, how regular is that?

The Department might clarify for us, because there is some confusion, the position about *daft.ie*. It might be good to clarify that for the record so that we are all clear here.

Is my understanding correct that when the next rental index comes out, other areas might be included under the rent pressure zones? Effectively, it is a live six-month document and areas that did not qualify in January might qualify in the next quarter. The Department might clarify those criteria again because they are quite confusing. For anybody watching in, we might stay away from abbreviations because they might not understand terms such as LEAs.

Going back to what Deputy Casey said, this committee did a substantial piece of work to facilitate the Planning and Development (Housing) and Residential Tenancies Act 2016 before Christmas because we all have the same goal, namely, to give people the security of a home and that safe feeling that they can provide for their family. One should bear in mind that while 178,000 people are now secure, we want to increase that number. The committee's goal here is to provide that security of a home for these families. Ms Nic Aongusa might clarify one or two of those points.

**Ms Bairbre Nic Aongusa:** I will ask Ms Rosalind Carroll to come in about *daft.ie*.

To address the points made by Deputy O'Dowd, the fact is that the procedures are set out in the legislation and were followed very carefully to the letter by the Department, the Housing Agency and the RTB. The process is transparent, evidence-based and independent.

**Deputy Fergus O'Dowd:** That is not true.

**Ms Bairbre Nic Aongusa:** As several people have said, if the local electoral area of Louth or Greystones meets the criteria after the next set of quarterly data is reviewed, the process will be followed. If they meet both criteria, which is the 7% and being above the national average, they will be designated because the process works. There is no discretion here. It is the facts and analysis that give rise to the decision. The measure will be reviewed in June and we will look at the suitability of the criteria, the designation and the process. In the meantime, we will have two more sets of quarterly data to look at and the matter will be kept under review. It is worth bearing in mind that *daft.ie* has information on the rents for about 4,000 properties whereas the RTB reports on 30,000 tenancies per quarter. It should be noted that *daft.ie* gets a lot of attention in the media but it is not as representative as the RTB.

It is worth bearing in mind that this is a very welcome measure. A total of 178,000 tenants are living in rent pressure zones. This is 55% of tenancies nationally. I understand Deputy O'Dowd's frustration because some of his constituents are suffering. A huge number of tenants - 178,000 - can now have certainty about what level of rent they will pay.

**Deputy Fergus O'Dowd:** I do not disagree with Ms Nic Aongusa but the facts are the facts and they indicate that the criteria were not applied universally. I do not want to go through it again. Fact number one is that one area was given to the Minister that did not meet these criteria while another area that met at least one of them was excluded. Does Ms Nic Aongusa agree that this is a fact?

**Ms Bairbre Nic Aongusa:** I am not going to comment on that. I might allow-----

**Deputy Fergus O'Dowd:** I do not accept that.

**Ms Bairbre Nic Aongusa:** We followed the procedures in the Act to the letter.

**Deputy Fergus O'Dowd:** I think *daft.ie* was used. I can ask directly. The Housing Agency did look at prices on *daft.ie* in County Louth. If I remember correctly, when I queried this, I was told that the *daft.ie* rent average was something of the order of €880. It was not the figure of €905 I got from Ms Nic Aongusa today. I do not say that in a derogatory manner. Rents from *daft.ie* rents were looked at in County Louth in the context of this assessment. Whether that would have made a difference or not is a different issue. I also discussed the formula with the ESRI. There are two many agencies involved in this. The ESRI, the RTB and the Housing Agency are all involved. It would be far better if just one agency dealt with it.

**Chairman:** I wish to clarify one thing. In the interests of transparency for anybody looking at these proceedings, we need to remove from the record the suggestion that anybody lied.

**Deputy Fergus O'Dowd:** Who said that?

**Chairman:** The word was used.

**Deputy Fergus O'Dowd:** I did not use the word "lie".

**Chairman:** I know the Deputy did not mean it that way.

**Deputy Fergus O'Dowd:** If I used the word "lie", I certainly withdraw it but I do not believe I used it. The record will show whether I did but the fact is that the representative of the Department will not acknowledge the fact that-----

**Chairman:** Will the Deputy allow me to finish? I will let the Deputy speak as often as he likes. The amount of analysis, statistics and information the committee has been provided with for every meeting it has held and the transparency that has been afforded us by the Department must be noted. Any question that has ever been asked of the Department has been answered. It is up to us as to whether we determine it has been answered in the way we wish it to be answered.

**Deputy Fergus O'Dowd:** I accept that absolutely.

**Chairman:** We hope the Department will take on board any views this committee has, take them back and include them in the next process involving the criteria where the criteria might need to be tweaked.

**Deputy Fergus O'Dowd:** On that very point, we are Members of Oireachtas. I acknowledge that the Department applies the criteria that are decided upon. It is not the case that we ask something of the Department, the Oireachtas presents the formula and the Department provides advice and guidance. The responsibility rests with us.

**Chairman:** Absolutely.

**Deputy Fergus O'Dowd:** My other question concerns HAP. Does the Department agree or disagree that the HAP ought to be included in the assessment of rental supports and in the formula for designating rent pressure zones?

**Chairman:** Mr. Silke wants to come in. Could he clarify the formula again because it is quite confusing?

**Mr. David Silke:** The areas we recommended to the Minister were the ones we felt were most likely to be designated. If an area was unlikely to be designated, we did not recommend it. Ms Carroll has indicated that the area in which Deputy O'Dowd has an interest would not have been designated if it had gone forward. In a sense, the Housing Agency was correct in its analysis.

**Chairman:** Mr. Silke should be allowed to conclude, without interruption.

**Deputy Fergus O'Dowd:** I will stay quiet. There are many people out there ready to come in.

**Mr. David Silke:** The Housing Agency looked at the *daft.ie* analysis. It was part of the basket of things we looked at. Based on the latter, we made our recommendations to the Minister and that was also informed by the consultation with the local authorities.

**Deputy Fergus O'Dowd:** I accept the integrity of the Housing Agency's position.

**Mr. David Silke:** The Minister then had to refer those to the RTB to make a report on each of those areas. The RTB only uses its own data so it uses the rent index data which is, undoubtedly, the most accurate set of data available nationwide in respect of rents. It is the king of data in terms of what is available. The RTB has done a lot of work on its data to clean it, make sure it is accurate and to be able to drill down to the level at sufficient numbers to provide a definitive answer in respect of whether or not there is a rent pressure zone in an area. The RTB does not rely on other secondary data, which would be more market-based in nature. It relies on a more objective set of data based on rents. That is where that analysis comes from. It goes back to the Minister who does not have any discretion in respect of the decision. If the RTB indicates that an area is a rent pressure zone, it is automatically designated as such and if not, it is not designated. Following on from that, the Housing Agency has a role in terms of monitoring the rental market and looking at what impact rent pressure zone designation will have. We will following on with the next set of data as soon as it becomes available. That is a run-through of the process. I know it is very complicated.

**Deputy Fergus O'Dowd:** I acknowledge the integrity and professionalism of the Housing Agency. We had a debate some weeks ago. It bears out fully Mr. Silke's integrity as a public servant in every respect. I have not been wrong in anything I have said so far. Everything I have said is true. I wish to, not challenge, but to query the RTB on its figures. I said "challenge" but what is the word I am seeking?

**Chairman:** Inquire.

**Deputy Fergus O'Dowd:** I wish to inquire. If I am a tenant of an existing landlord who puts the rent up, does the RTB necessarily know about this? I am trying to get at the figure of €909 for Louth. How does the RTB know or not know? This is part of the problem. If I am an

existing tenant, I must pay the increase because if I do not, I will be out on my ear. How does the RTB measure that? How does it know that this happens?

**Deputy Pat Casey:** On a point of clarity, it is a continuous review. Other areas could qualify in the future. Can an area fall out of it or is it the case that once it is in, it is in for the three years?

**Chairman:** To follow on from Deputy O'Dowd, the witnesses might clarify the one-stop shop, its role regarding landlords and tenants, how the RTB has empowered landlords and tenants and the advice it can give them if they encounter any disruption in their tenancies.

**Ms Rosalind Carroll:** If I may, I shall go back to Deputy O'Dowd's queries initially and explain our methodology further. When the Residential Tenancies Board does any analysis, we only use new registrations with new rents.

**Deputy Fergus O'Dowd:** Will Ms Carroll define that exactly?

**Ms Rosalind Carroll:** That is a new tenancy that has commenced and the rent of the new tenancy as being registered. In some cases, because it has gone through a four-year cycle, it might be a re-registration. Our tenancy system was, up until the recent legislation, based on a four-year cycle. What is called a further part 4 is actually a new tenancy and that will capture some existing tenancies. However, because most of our tenancies do not last for four years, primarily it will just be new tenancies. We believe that this data is far more accurate because landlords do not have an obligation to inform us of reviews in rents. Apart from that, traditionally average rents within existing tenancies tend to be lower because not all landlords review rents and bring them to the maximum. They would be much more inclined to do that at the point of a new tenancy. It is, therefore, a more accurate way to reflect that. The €909 figure would probably be higher than if one were to use new and existing tenancies to calculate an average.

**Deputy Fergus O'Dowd:** I hear what Ms Carroll is saying but-----

**Chairman:** We are going to get through one round of speakers and then we will come back again for any supplementary questions.

**Deputy Fergus O'Dowd:** I just want to get further clarity on that.

**Chairman:** That is no problem. We will allow Mr. Silke back in to address a number of the questions asked.

**Mr. David Silke:** Deputy Casey asked about the de-designation rent pressure zones. This is set out in the legislation. The Housing Agency has the lead role in looking at it when analysing the rental market. If an area had been designated and we feel the rents had stabilised and there is no further requirement for a rent pressure zone designation in that area, then the agency - in consultation with the Residential Tenancies Board and the Housing Authority - can make a recommendation to the Minister. In doing so, we must perform an analysis of the rental market and the general housing market to outline an argument for why we feel there is no longer a requirement for a rent pressure zone in that area.

**Deputy Pat Casey:** The opt-out is there

**Mr. David Silke:** Yes, it is there.

**Ms Bairbre Nic Aongusa:** Ms Carroll wants to make a number of further points.



**Ms Rosalind Carroll:** I want to go back to some of the questions that had been asked and I want to finish my response on Deputy O'Dowd's earlier query regarding the incentives to have the real rent registered with the Residential Tenancies Board. The Deputy made a reference to *daft.ie*, but it is probably the same issue for us also. There is some protection within the law so if a dispute is referred to us we would use the rent as it is on the tenancy agreement. A landlord cannot suddenly claim that the rent they put in at €700 was actually €900. Landlords put themselves at risk during any potential disputes. If rent arrears were owed to them, for example, the rent arrears would only be calculated on the basis of the tenancy agreement rent.

The legislation also allows us to award damages of up to €20,000 when a case comes before us that is found to be not in accordance with the law. I accept that it is not always incentivised for landlords to register the rent, but there are a number of protections within the law. Reference was made to education and awareness and these protections are part of the information we try to tell people about. We are spending more time ensuring that tenants are aware of their rights, and that landlords are also aware of those rights. We are aware that some landlords inadvertently apply the wrong rents. We are trying to reach one fifth of the population to tell them about all the new regulations that have come in. One of the elements we have put up onto the website is a rent calculator. As members are aware, the formula to calculate rent can be quite complicated to operate so the website allows a person to look up to see if they are in a local electoral area that is a rent pressure zone. Many people do not know what side of the line they are on, and so on. Landlords or tenants can find this out straight away on the website. They can also check what a 4% increase calculates up to on a *pro rata* basis since the last rent review period. That facility is there for any landlord or tenant to check if the increase is being applied correctly. They can print this off and attach it to the rent review. The rent review notice is now prescribed by law and a landlord must explain to a tenant how the rent has been calculated. We have created this tool so they can print the calculation and the tenant can see it has come from our website. All of this should help with people's knowledge and also help with tenants needing to know if the calculation is correct because they can check it on our website.

Deputy Coppinger asked some questions earlier and it will be useful to go back through them. She asked about policing and compliance. The Residential Tenancies Board does not have a policing role. Our remit has not changed under the legislation. We do not have powers of investigation. Our powers are quasi-judicial in that we are there to replace the courts. When a case comes through us, it must be done through a dispute process. The issue of the €20,000 award or the risk of arrears is the real policing part of that. It is worth pointing out that I have just checked our statistics prior to this meeting, and since 24 December we have had a 135% increase in cases referred to us on rent related matters. This shows that people are using the disputes process. Many have not come all the way through our system yet. Of the cases that have come through, generally they were rent reviews that were imposed on people before they should have been. There is a 24-month period during which a landlord cannot serve more than one rent review. In these cases, the landlord has tried to increase rents - perhaps because of the new rent regulations coming in. Of the cases we have heard so far, we have found that the majority of the rent review notices have been invalid and the findings have been in favour of the tenants in those cases. We are actively dealing with those issues as they come through. Our timeline for dealing with those issues in mediation at the moment is five weeks. We are getting through cases for adjudication in 12 weeks. Our adjudication process involves an evidence-based system whereas our mediation is all about coming to agreement and so on. Clearly, for this issue it may be an evidenced based system.

On the issue of one-stop-shops we are trying to work towards our second-quarter deadline

of having a one-stop shop in place. The form it will take will be in trying to make our online facilities more navigable and more user friendly for the public. Since the rental strategy was published, our daily call rate has increased from 600 calls per day to 900. This is a huge increase and it shows the demand for information within the area. We also want to look at support services with web chat facilities available and, looking at the demographic of our tenants, they tend to be younger and they like to do things online via the web. For our landlord cohort, which tends to be slightly older, we are also looking at extending our phone line hours. We have a traditional public service by phone from 9 a.m. to 5 p.m. We want to see if we can be more public friendly in stretching that out. We are working towards these measures and the re-launch of our website will take some work, so we are working towards the second quarter deadline. In the meantime, we are trying to keep up with our call pace as it comes in at the moment.

**Ms Bairbre Nic Aongusa:** For the avoidance of doubt, there was some discussion as to whether or not *daft.ie* data is included in the formula and to be absolutely clear, the *daft.ie* data is not used in the formula and there is no reference to the *daft.ie* data in the legislation. When the question was asked earlier about *daft.ie* rent data being used to decide on rent pressure zone, the answer I gave was “No, it is not”, and this is correct. The Housing Agency’s function is to take an overview of the housing market in a particular area. In doing so, the agency draws on a lot of data, including the level of social housing support, social housing need and waiting lists when it makes an assessment of the housing market. However, when it comes to making the decision under the law as to the rent pressure zone, it is not the *daft.ie* index that counts, it is the RTB index. I want to make that absolutely clear and to clarify that.

**Deputy Fergus O’Dowd:** To return to remarks Ms Carroll from the RTB made, I went onto the RTB website and when I tried to interrogate some of the data, I realised how complex it was. I did not know about the €20,000 fine that can apply. It would be useful if this information could be circulated among the Members of the Oireachtas. I should have known about this because I would like to be able to say this to some of my constituents so that they could know what the penalties are. We need that information. Believe it or not, I have never had anything but praise for the board.

Acknowledging the complexity of the RTB’s formula, if one looks at a place such as Drogheda, where I live, much of the accommodation available are one-bedroom and two-bedroom units rather than the traditional semi-detached family home. How does the RTB balance this against the greater proportion of smaller and lower priced apartments, notwithstanding the significant increase in those anyway? That is an important point for me to understand. Could I get an answer to that? I just have a couple of other questions.

**Chairman:** Does Deputy Casey have a supplementary question?

**Deputy Pat Casey:** I will wait.

**Chairman:** I always admire passion, Deputy O’Dowd.

**Deputy Fergus O’Dowd:** My constituents in Drogheda, Dundalk and Ardee are very angry about what is happening.

**Chairman:** We are here to represent the views of our constituents.

**Ms Rosalind Carroll:** It is not a simple average. The whole point of the methodology is to take into account one-bedroom, two bedroom and three-bedroom units and to have a balance within it, so it is a weighted average. The figure I gave of the €909 is the weighted average.

**Deputy Fergus O'Dowd:** How is that weighted average interrogated? I am not a mathematician. Could the RTB send on details about it so that I can interrogate it in my own quiet way.

**Ms Rosalind Carroll:** Absolutely. I will certainly send the Deputy that information directly. One of the things we are doing is a relaunch of the rent index so that our overall methodology is transparent to everybody and that it is clear exactly what has been done to the data. I have extracted data for the Louth area specifically for Deputy O'Dowd which I can give to him after the meeting. I am happy to provide him with anything else. It is not a simple average.

**Deputy Fergus O'Dowd:** I accept that.

**Ms Rosalind Carroll:** It takes account of the weighting and looks at the property characteristics, including houses, apartments and the various different bedroom sizes. That is all taken into account. It would be based on the number of registrations within a particular quarter.

**Deputy Fergus O'Dowd:** Part of my electorate, believe it or not, is within the rent pressure zone in part of County Meath but the make-up of the houses there is somewhat different than it is in the town. Therefore, how does the RTB know that it is not discriminating in its formula against a significant number of small urban dwellings? I acknowledge that is part of what it is dealing with. I will read the information later.

My other question is on housing assistance payments. Many tenants are paying above the HAP price. The rent may be registered at €900 or whatever the housing assistance payment they get is but they are paying more under the counter. I do not know how the RTB measures that. I ask that the powers that be talk about this with HAP officers in the county councils. In my experience, they are fabulously knowledgeable in this area and know the situation on the ground very well. The RTB should take into account the level of HAP payments when it is changing its formula.

**Ms Rosalind Carroll:** On the last query regarding registration and our methodology, each registration that comes into us has to come with a description of the type of property. It is not just the rent that is registered with us but also the type of property, the landlord and the number of tenants in the property. All that data is pulled into our analysis when we are doing the rent index, so we would be able to differentiate between one local electoral area and another. The weighting is all taken from our registration data. I will hand over to Ms Nic Aongusa on the question of HAP.

**Ms Bairbre Nic Aongusa:** We can certainly look at HAP tenancies in the context of the review but the rent pressure zones apply to HAP tenancies at the moment. Deputy O'Dowd asked about the question of supply because fundamentally, of course, behind the whole issue of rent pressure zones and rapidly rising rent is an acute shortage of supply. We have an entire section in the rental strategy on measures to increase supply. With the Chairman's indulgence, I will introduce my colleague, Mr. Niall Cussen, who is the principal planning officer from the Department who can speak a bit about what we are doing to improve supply. Ultimately, the reason we have such a time bound measure for rent pressure zones - three years maximum - is because its purpose is to enable all this new supply to come on stream.

**Deputy Fergus O'Dowd:** To return to that HAP question, if there are HAP payments in some areas outside rent pressure zones that are higher than HAP payments for families in the same kind of accommodation in rent pressure zones, how does the Department sort that one out,

because that is what is happening?

**Ms Bairbre Nic Aongusa:** What I can say to the Deputy is that we will look at that and consider it in the review.

**Deputy Fergus O'Dowd:** The facts are that HAP payments are higher in County Louth than they are in some of the rent pressure zones. That is the inequality that is there.

**Mr. Niall Cussen:** I thank the Chairman for the opportunity to speak to the committee. As my colleague, Ms Nic Aongusa, highlighted, our Department has been engaging with a number of local authorities in the Dublin area for some time, prior to the development of the rental strategy, with a view to identifying sites that have capability of delivering extra supply more generally and for the rental sector specifically. From our engagement with Dublin City Council alone, we are very confident that the 1,000 units which were indicated in the rental strategy for progression in January can and will be developed once the relevant masterplanning, development, consent, planning permission, procurement and delivery actions are secured. We are making good progress on that front. For example, in the O'Devaney Gardens regeneration project alone, there is very close, almost fortnightly, engagement between the Department's officials and Dublin City Council's officials - indeed, they are combined on a joint project board - to develop a mixed tenure housing project inclusive of both new rental accommodation, social housing and so on, which will deliver probably in excess of 700 homes, in that strategic and regenerating part of the city with a view to starting dates of, I suppose, 2017 into 2018.

That is not the only project. Running closely in tandem with the O'Devaney Gardens project is the wider Dublin City Council residential lands initiative which, as members may be aware, includes sites at Oscar Traynor Road, potential sites in St. Michael's Estate and others which are well able to deliver the balance of 1,000 units identified in the rental strategy. We are very confident about the availability of sites capable of delivering the 1,000 units identified in the rental strategy. That is not at issue at all. We are very focused on the wider wave of supply, particularly in regard to potential rental sector specific developments both on other local authority lands and privately owned lands. There are local authority masterplanning exercises under way on, for example, sites in Corkagh Grange in the South Dublin County Council area, Donabate in the Fingal County Council area and we have other potential candidate sites in that context. Rental supply will be a very strong possibility within that.

Within Dublin city centre, where there is acute pressure in the rental sector, we have 500 apartments under construction on a mix of development sites in the docklands area, in particular. It is very visible there with projects such as Capital Dock, Dublin Landings and so on.

Members will also be aware that over 3,000 units are proposed for the Poolbeg west strategic development zone planning scheme which is out for public consultation at the moment. It is very likely that a considerable amount of the product on that site will be for the rental sector. Major development works have commenced on the Cherrywood strategic development zone. The town centre element of that will probably Ireland's biggest and first build-to-rent project with more than 1,300 units. These are all physical manifestations of the Rebuilding Ireland initiative and the actions taking place under the rental strand of that are actually having an effect on the ground.

Within the wider whole of Government approach as published on the Rebuilding Ireland website, action is under way to secure early delivery of 23 major urban housing development sites, MUHDS - I will let members pronounce the acronym themselves. Additional rental sec-

tor supply is therefore very likely over the short to medium term, as evidenced, for example, in the recent sharp increase in the number of active sites recorded by the Dublin housing supply and co-ordination taskforce. We have some preliminary figures that have not yet been published. At the last interval we had 126 active sites producing about 4,000 to 4,500 homes in the Dublin area alone. That has jumped quite significantly to 145 in the last quarter of 2016, which reflects a broader buoyancy regarding patterns of planning applications, commencements and so on, particularly for apartment developments for which viability seems to be recovering quite strongly now, particularly in the high-demand locations.

As the Minister and officials have said, in the context of dealing with the various different strands of our current housing difficulties, boosting supply is at the core of solving the problem in the long run. It is coming on stream. We have also had a very significant increase in overall completions in 2016 compared with previous years. We have also had a very significant increase in overall completions in 2016 compared with previous years. Our sense would be that we are on track to achieve the target of 25,000 homes by 2020 or 2021 in the context of Rebuilding Ireland. We have more to come on that with the local infrastructure housing activation funding. These are all strands of Rebuilding Ireland in which the team in the Department is heavily engaged at the moment, as are the local authorities.

**Deputy Pat Casey:** I am more interested in the review process at this stage. Does it start in June or will the review be completed in June? I have been given information that rent pressure zones can be excluded even though they have been included initially. If that is the case within a year many of the initial rent pressure zones will not qualify on the basis of one of the criteria because they will have achieved only a 4% increase as opposed to a 7% increase in quarters. In fact, we could be excluding all the initial rent pressure zones quite quickly because their maximum rent increase would be only 4% at that time. The other criteria might need to be tweaked to facilitate towns that are under severe pressure. What is that process and what role will we have in that process?

I probably lost a bit of interest given that Mr. Cussen never mentioned Wicklow.

**Mr. Niall Cussen:** I could have.

**Deputy Fergus O'Dowd:** In another life I worked with Mr. Cussen and found him very helpful. He is very intuitive in terms of the political needs of one's constituency. I say that respectfully.

This is a huge debate. I welcome the Minister's publication yesterday of an itemised list of housing supports, changes and improvements that are coming on stream. It certainly outlines what is happening in County Louth. However, it is only a drop in the ocean. It is not the answer, but it is part of the answer.

I know this is for a different day. I challenge the strategy on this major fundamental point. In the city of Dublin 36,000 homes will lie vacant tonight. We should tax any non-principal private residence if it is vacant for a year or more and if there is no issue regarding probate. We have plenty of incentives for them to come on the market. We cannot afford to have huge resources like that unused when there are families who need them. I know that is not on the agenda today, but it is very important.

In my constituency there is land owned by State agencies. For example, the Department of Defence owns 200 acres of land in Gormanstown. It is time to call in the Departments to give

us their analysis of land that could be used for housing. We need to call in CIE, Bord na Móna and some of the biggest agencies to discuss the land they have that could be used and what needs to change to make it available. There are huge resources in land that the State owns but is not necessarily owned by individual Departments. We need to get that land on stream with public private partnerships for fixed-cost builds. We should offer, for example, 50 acres of land and service it if the price of the house is under a certain amount. Notwithstanding all the good work that has been done, we need to do more.

**Chairman:** On the supply issue, my constituency borders Deputy Casey's Wicklow constituency. I am aware of a number of sites in Shankill and Old Connaught area. I never thought I would see the day when Cherrywood would be up and running. I was part of that process in 2006 and 2008; it was quite a process. In 2011, I never thought we would see what we saw last Wednesday with the turning of the sod on the infrastructural end of Cherrywood with the potential to return 8,000 homes. That will obviously benefit Deputy Casey's area as well as mine. With that supply, obviously we would hope it would bring down the cost of rent and the cost of purchasing homes. That day was a monumental day for the country. I believe it is the biggest piece of land that will be developed in our time in here. It will be done in a proper manner where the infrastructure and the needs of that community come first before the housing is provided.

I know Deputy Casey is very aware that the site incorporates recreational and educational facilities, a town centre and a commercial aspect. We all want to create the environment to encourage that. I was very proud to be part of that from the very start. It was a very tough battle. I know Deputy O'Dowd knows inside out how tough these processes can be and he always sticks with them to the very end as I do. We want to get development like that throughout the country in a properly managed regulated way with the standards in place from the very start. Many other sites throughout the country will emulate what happened in Cherrywood. I was delighted to see that finally come to fruition as my colleagues were.

We visited many sites, including Ellis Quay and many of the modular homes in the country. We want to see people having somewhere they can call home and having security for their families and the opportunity for them to feel safe in that environment. I very much welcome that coming to fruition last week. Supply underpins what we are trying to do here.

**Ms Bairbre Nic Aongusa:** Deputy Casey spoke about the provision by which the rent-pressure-zone order can be revoked. The legislation sets out that it can be revoked by the Minister on a recommendation by the Housing Agency. It sets out that the Housing Agency needs to consider the operation of the rental market in the area, the operation of the broader housing market and changes in rent levels in the period.

**Deputy Pat Casey:** Those are different criteria.

**Ms Bairbre Nic Aongusa:** Exactly. The 4% rent cap will not apply to new developments in an area, for example, or to units that have been substantially refurbished. The Housing Agency will examine the overall rent levels, and the market rent being charged for exempt properties, as well as the effect of the rent cap and conduct an overall assessment. It is early days and we will look to see how the measure is being implemented. The review will be completed in June. We will consult stakeholders and take into account this and other discussions and we will examine all the various procedures. We expect this to be a relatively short review and then we will report to the Minister.

We have spent a great deal of time talking about the detailed process for the RPZs but looking at the big picture, the Minister and the Government has always been clear that supply is at the heart of this issue and, ultimately, the best way to ensure a functioning, viable, sustainable rental market is to have sufficient supply and to try to develop the structure of the market in order that we have a segment where there is rental property available for people at non-market rents and to develop the not-for-profit sector for middle income earners and younger, more mobile workers to enable that part of the market. There is no ideal measure and we are willing to review this and learn.

We also need to take into account that this is a significant intervention in the rental market. Imposing rent regulation is a big step and we need to be careful always to protect against a flight from the market by investors. This is why we have been careful with the criteria and why we have been clear about how this needs to be transparent, objective and evidence-based. We need to be absolutely on our guard that there are not unforeseen consequences such as investors not wanting to invest or landlords selling up and getting out of the rental market because the priority is a viable, functioning rental market. That is the big picture behind these measures.

The Chairman asked about what we are doing about standards of rented accommodation. That is an important issue going forward. There is a section in the rental strategy about standards in private rented accommodation and we have reviewed the standards regulations and brought them into line with modern requirements. The Minister signed them in January and they will take effect at the beginning of July. The responsibility for the inspection of rental properties in the private rented sector and ensuring compliance rests with local authorities. One of our objectives in the rental strategy is to increase the number of inspections and to strengthen the enforcement of standards. We are conscious that a review was published by the National Oversight and Audit Commission, NOAC, on the performance of local authorities in carrying out these functions during 2014 and its findings highlighted a low rate of compliance and a lack of consistency of approach across the local authorities in conducting inspections. Our plan is to develop guidelines, which we will send to local authorities before the second quarter and before the new regulations come into force to help address NOAC's findings and facilitate standardisation of approach and procedures for inspection and enforcement. We will also engage with local authorities to agree targets to increase the number of properties they inspect and the way in which they inspect them. The strategy sets a target of 25% of all private rented accommodation to be inspected annually. Currently, it is approximately 10% and it is much lower in some areas. That target is our objective and, in their feedback, the local authorities said they are happy to work with us on that basis.

We will seek specific ring-fenced funding to enable local authorities to increase their inspection teams and to roll out a more joined-up approach and a standardised framework nationally for inspections going forward. We will also work with them to see if we can develop a shared service function around this. Local authorities could either set up a national office or even engage in regional co-operation to pool their resources to develop the inspection function. Some local authorities are effective. Dublin City Council, for example, has been a leader in this regard. Its officials conducted many inspections in 2014 and the standard of accommodation has improved. A great deal of substandard and poor quality accommodation has been taken out of the system as a result of the regulations and we want to continue to build on this. We are clear that there will not be a lowering of basic quality standards at a time of housing crisis. That is another important pillar of the strategy.

We have spent a great deal of time talking about RPZs, which comes under the heading,

“Security”, but the strategy contains other measures relating to security. There is a section on services, which deals primarily with the services the RTB can provide to both landlords and tenants. We also talked about supply and standards. Those four areas are equally important when looking at the big picture in the rental sector.

**Deputy Fergus O’Dowd:** I welcome the Department’s contribution. Rather than talking about the flight of investors, I would like to discuss the plight of tenants, which is uppermost in my mind. Investors are running all the way to the bank with increased rents. For instance, a single-bedroom apartment in Drogheda was available for €600 a month before Christmas but it was let for more than €1,100 in January. The asking price for a four-bedroom terraced house was €1,500 in County Louth a month ago, according to the Housing Agency. Fewer properties are available on *www.daft.ie* but prices have increased significantly. It is shameful that we have allowed all the empty homes to remain empty to this day. It is a scandal that must be tackled. Taxation on homes that are habitable and that have been vacant for more than a year should be increased. While the carrot is there, we need to use tax incentives for developers and landlords. At the end of the day, the unfortunate family that cannot get a decent home is my only concern.

**Deputy Pat Casey:** We have moved on.

**Chairman:** We have a little more freedom.

**Deputy Pat Casey:** I do not have detailed information but I have had feedback that there are issues with certification in trying to convert vacant properties, especially over shops, in the context of access, particularly disability access. We all look at these buildings in towns in our constituencies and think they could become homes but there are blockages in the system preventing that from being achieved. What is the Department’s view on this?

Ms Nic Aongusa said the objective is to have 25% of all private rented accommodation inspected annually by local authorities. I do not understand why 100% of homes cannot be inspected at least once on an annual basis. Even local authority housing stock has been left too long without inspection. When the units are returned to the local authorities, they are often in such a state that they cannot afford to refurbish them. While an increase in the inspection rate from 10% to 25% would be welcome, every rented home should be inspected at least once a year. The target should be 100% at least once a year.

I agree with Deputy O’Dowd about incentivising developers and landlords regarding vacant properties and that needs to be done quickly, otherwise the opportunity will be lost. Are there issues relating to the certification process?

**Mr. David Silke:** I will say a few words about vacant properties generally and then address over-the-shop properties in more detail. Pillar five of Rebuilding Ireland is about using our existing stock. The Housing Agency is drafting a strategy around vacant homes and is at an advanced stage in this regard. It will be finished by the end of March 2017. We are looking at where the vacant properties are and the data we have and are trying to identify why they are vacant as a first step in developing a policy to address that. We are very active in that area at the moment.

**Chairman:** For clarification, we worked a lot on that in our meeting in February. I know the witnesses were listening to all the comments we made here about taxation and vacant homes. I do not want to dwell too much on that because we did that on 1 February. Does Mr. Cussen wish to proceed?



**Mr. Niall Cussen:** I have two points to make relating to the issue raised by Deputy Casey. We are well advanced on changes to the exempted development regulations that the Minister may make - obviously, with Oireachtas approval - relating to the conversion of commercial properties into residential uses. This is designed to, in effect, reduce the regulatory burden because the Deputy is correct. There can be a number of regulatory requirements associated with conversions such as planning permission, fire safety certificates, building control and disabled access. There are other complications as well if the matter involves protected structures. That is our contribution on the planning side in the Department to reducing the regulatory burden because from a planning policy point of view, we are trying to get the lights back on in our high streets and the centres of our cities, towns and villages. From a planning policy point of view, there is no objection in principle to getting these premises into residential use. It is really around the standards relating to matters like safety.

I will revisit a contribution made by Deputy O'Dowd relating to the mapping of State lands. Again, I have good news. We are well advanced in respect of mapping a variety of State land banks, particularly in the main cities. We have been somewhat focused in our approach and have been looking at Dublin, Cork, Limerick, Galway and Waterford. With colleagues in our housing delivery office, we are hoping to have available an interactive publicly-accessible web browser where, through our existing facility *Myplan.ie*, details around State lands could be made more publicly available. We are looking at those lands, particularly those lands that can be brought into production quite quickly. We have some quite good prospects, the details of which I am sure Ministers will announce in the very near future. We are making good progress.

**Ms Bairbre Nic Aongusa:** In respect of vacant properties, action 16 in the rental strategy is about the national roll-out of the repair and lease scheme. The Minister has recently been talking about that. It will be rolled out nationally. This scheme is targeted at owners of vacant properties who cannot afford to access funding required to bring them up to standard for rental property. The cost of the necessary repairs will be met upfront by the local authority and the approved housing body and the houses are then leased for a period to be used for social housing, which will alleviate the pressure on the rental market generally. There is also a buy and renew scheme whereby the Department makes funding available to local authorities to buy up vacant properties and make them available for social housing. Similarly, under Rebuilding Ireland, the Housing Agency has a fund of €70 million to buy vacant properties from the portfolios of banks, discussions have started with them and contracts have been signed to bring over 200 properties on board as well.

Very often, discussion takes place about whether the fair deal scheme is a factor in vacant properties. We have been working with the Housing Agency, to whose national vacant house reuse strategy Mr. Silke referred, and have commenced an engagement with the Department of Health about the terms of the fair deal scheme - the rules it has regarding the financial assessment of income from rental where the owner of the property is in a nursing home - to see whether there is scope for amending the financial assessment rules to enable more properties that might be lying vacant as a result of their owners being in nursing homes to be brought back into use in the rental sector or for sale in the market. Obviously, this would be a matter for the Minister for Health to determine at the end of the day.

Deputy Casey asked about the inspection of rental properties and why the Department could not go for the 100% target. Ultimately, it comes down to resources. It has been a recurring theme for us over the past couple of years. During the years when there was very little activity in housing in local authorities, the housing departments and inspection departments lost a lot of

their capacity so it is a question of building up capacity. We are starting from a very low base. If we get to 25% by 2020, that will mean that every rented property will be inspected at least once every four years. Once we get to that, we might be able to look at increasing the target. Ultimately, it is down to resources. My first task will be engaging with the Department of Public Expenditure and Reform in respect of the Estimates for 2018 to get the resources we need to enable us to focus on this target of 25%.

**Deputy Fergus O'Dowd:** If everybody in a nursing home had a home that was a principal private residence, the Department might be lucky to get 25,000 back in. I am not in favour of that. I am not in favour of putting pressure on people in nursing homes. The average lifespan of someone in a nursing home is between two and a half to three years. People are very vulnerable, can be extremely unwell and isolated and feel under huge pressure. I would be concerned about that process notwithstanding the fact that there could be incentives if they wish. It is a significant issue. I want the Department to look at vacant non-principal private residences around the country, particularly in rent pressure zones. In the case of vacant non-principal private residences within a rent pressure zone, one is not putting somebody out of their home, taking the property from them or wrongly putting pressure on them when they are, by definition, extremely ill. This is the wrong way to go. I want to be very clear on that. This has been a very important debate and I hope we will have another one soon but we need to put more pressure on those vacant properties that are not principal private residences. If we do this, it will not involve that adverse personal pressure on vulnerable people to which I am opposed.

**Deputy Pat Casey:** In respect of the certification process, I am trying to get a better handle on how this will be certified at the end of the day because I can probably see some weaknesses in the system. I do not believe in signed certification or the authorised certifier. I would prefer if it was an in-house function in the local authority and was done from the start. This is a highly complex situation in which some of these vacant properties will need disability access certification and fire certification. I do not know whether these authorised certifiers will sign off specifically in respect of fire because when one is renovating or retrofitting buildings, one does not use standard materials. Inventive solutions are sometimes found and some of the materials used would not be certified from a fire rating perspective. Will an authorised certifier sign off on this or will we end up in a quandary? If building control was with the local authority, where I believe it should be, at least its personnel would have the education, training and knowledge to allow them to certify and sign off on such builds. We are heading into a complicated area which could fail to deliver the hoped-for solutions. That is just with regard to building regulations and certifications, especially in respect of fire and disability access. We can deal with planning.

**Chairman:** The Department might keep us updated on its talks with the Department of Health about the fair deal scheme. I am coming from a slightly different angle to Deputy O'Dowd on this. In my area, no more than anywhere else, there is a high proportion of empty units due to people who are in the fair deal system. Of the roughly 25,000 people, we do not know how many might still have a partner or family member in the house. Obviously, we would not go near that. I presume it would not be compulsory for people to rent out their homes and that the option would merely be made available to them if they wanted it. As is, if a parent is in a nursing home, the complete liability falls to another family member to maintain that property and look after the tenants for very little return. I welcome that the Department is exploring that option. I believe that in central areas it might pick up a few homes - mostly family homes, I imagine - in a non-compulsory manner. I presume that would be the way it will proceed.

**Ms Bairbre Nic Aongusa:** Absolutely. We are not at all talking about any degree of com-

pulsion. The financial assessment carried out at the moment is that, if the house is rented out, 80% of the income falls to be assessed. One could argue that there is a disincentive at the moment to do anything with the vacant property while the person is in the nursing home, even when the adult children may want to rent it out or something like that. The Chairman is absolutely right. Our main concern is that we do not have the information we need. We have been talking with the Housing Agency and the Department of Health about whether we need to do some research to get more information on precisely what the Chairman is saying. How many people in nursing homes have spouses or other relatives who are in the principal private residence? In that case, it is not vacant. It is something that comes up a lot, but it always comes up anecdotally, so we do not actually have much hard evidence. Our first task will be to try to get some evidence on that.

I also did not get an opportunity to read out my opening statement so I am referring back to quite a number of things that were in my opening statement. One of the issues mentioned was the issue of taxation. The tax treatment of landlords is quite a big piece of the rental strategy. In my opening statement, I referred to the fact that the Department of Finance has set up a working group. My colleague, Mr. Earnán Ó Cléirigh, is a member of the group. If it is okay with the Chairman, he will say a few words about the work of the group and deal with some of the taxation issues that were mentioned.

**Mr. Earnán Ó Cléirigh:** The idea is that taxation is a potential incentive to supply, both in terms of allowing people to stay in the market and promoting new investment in the market. The working group has met three or four times. We have agreed terms of reference. We are currently working with Revenue to analyse the data on what are the taxation instruments that are used for landlords, where the taxation burden falls and what are the different types of measures in place. We will go out for public consultation within the next couple of weeks. There will be a four-week consultation process. That will allow members of the committee and the public in general to provide input. We expect to have a report by July. That will potentially include measures for inclusion in next year's budget and longer-term measures as well.

**Deputy Fergus O'Dowd:** Perhaps it is a different committee, but I asked the Minister in the Dáil whether he would refer the issue of empty non-principal private residences to the committee to which Mr. Ó Cléirigh referred. At least I think that is the committee he was talking about. Is that under review or will the committee be looking at that issue?

There is a lacuna of information because we have not implemented these measures here before but other jurisdictions have. There was some simple research I could do myself with the help of the Oireachtas although I am not very talented in that area. In the United Kingdom, there is an Empty Homes Agency. I have read its reports. I have looked at what has happened in Scotland. I have looked at the review with regard to legislation in the United Kingdom which allows local authorities to increase the property tax in a vacant home under certain circumstances by 1.5 times. I have looked at what is happening in Vancouver. I have looked at other issues but I obviously lack the capacity to do the work that somebody or a group of people who have academic knowledge could do. If we have that research in the committee's review, we could then judge what we should or could do. I am not suggesting that it would be absent but it seems very important to get that bit of work done to inform everybody on what exactly are the options. I accept and acknowledge that the urgency is now and is there today. It is going to get worse and not better. Notwithstanding all the things we are doing, it is going to get worse.

**Mr. Earnán Ó Cléirigh:** The Deputy is referring to potential negative incentives-----

**Deputy Fergus O'Dowd:** They are called sticks.

**Mr. Earnán Ó Cléirigh:** -----for keeping properties vacant. The working group's terms of reference are quite clear. It will look at taxation on landlords.

**Deputy Fergus O'Dowd:** On landlords. That is the-----

**Mr. Earnán Ó Cléirigh:** It will of course look at both sticks and carrots in terms of retaining properties in the market and getting new properties into the market. Certainly, it could cover vacant properties and potential landlords. That is certainly the case.

**Deputy Fergus O'Dowd:** Will the research I am talking about be done by the witness's group? Somebody may have already done that research somewhere.

**Mr. Earnán Ó Cléirigh:** The research that we are doing is on the existing tax instruments in Ireland. We will then be scoping out potential changes including things that are not currently in place in order that it will not be restricted to-----

**Deputy Fergus O'Dowd:** I think the key point is the experience of the Empty Homes Agency of the United Kingdom. There is the property tax on empty homes in the United Kingdom. I know of Vancouver because I found that information on the Internet. There is a lot of other stuff there. I respectfully say that it needs to be done. I do not say that rudely. It needs to be done urgently by a State body like the witness's group so that we could test it. Other countries have faced crises in housing like we have. They have dealt with them differently. Whether they have been successful is a different issue.

**Mr. Earnán Ó Cléirigh:** I thank the Deputy. I will take that back to the group. I also encourage the Deputy to make a submission to the group.

**Deputy Fergus O'Dowd:** I will of course.

**Mr. Niall Cussen:** I wish to come back to the good point Deputy Casey made. I might have left the impression that somehow we were looking at planning exemptions and not examining the wider performance or the interaction between the performances in different regulatory regimes affecting the re-use of upper floors. Very usefully, within the Custom House, there is building control, fire regulation and all of the different areas. We are working together to look at what further streamlining or measures we can put in place, particularly where one is dealing with the conversions of upper floors and is not in a new-build situation but is dealing with legacy issues. There is a concern on whether that affords too much discretion or too much opportunity for people to be able to find innovative solutions to atypical situations they find themselves in and so on. That is something my colleagues in the fire and the building standards areas and in our own area are working through at the moment. The building standards area already affords building control officers some discretion, but the degree to which that is used consistently among officers is something we need to look at and bolster, be that through further guidance, support structures, training or something else. It is important that there is a whole-of-system approach to finding creative solutions in order to get disused commercial properties into residential use. We will be happy to come back and update the committee on the outcomes of that with the relevant professional colleagues on my side in due course.

**Mr. David Silke:** On Deputy O'Dowd's contribution about vacant homes, as part of our work we are linking in with England and Scotland, which have very low vacancy rates. The rate in England is 2.5%, which is about a quarter of the vacancy rate here. There are lessons to

be learned from that.

**Deputy Pat Casey:** On supply, there is information coming back that there is a blockage in trying to get apartments up and running in Dublin and on the impediments in that regard. Have we identified the reason for that?

**Mr. Niall Cussen:** We engage constantly with our colleagues in the Department of Finance and the National Asset Management Agency, NAMA. There has been some interaction between those organisations on whether there are impediments in respect of apartment developments. In the city centre proper, particularly in the Docklands area, a combination of various different things have moved the viability point of city centre apartment developments from a marginal position to a reasonably viable position in recent months. These include what we are doing in the context of the Rebuilding Ireland strategy, what we did in the context of the Stabilising Rents, Boosting Supply package before that, the standardisation of approaches to apartment standards, the development contribution rebate scheme and changes to Part V.

There is a difficulty in peripheral locations where the cost of financing an apartment development for a build-to-sell as opposed to a build-to-rent model can pose certain challenges. As members of the committee will be aware, one is all in from the start when developing an apartment scheme. It has to be built out to the end. It is not like building houses where ten can be built, sold and the cash turned over. It is a much more straightforward proposition from a development finance perspective. One could be down €10 million or €15 million before getting the first sales back from an apartment scheme, which can take time. It can happen over a very short period where there is very strong demand. It can take longer to sell when one is competing with other conventional housing products. There are a number of issues there. That is an area on which we will have further engagement with our colleagues in the Department of Finance, with NAMA and with the local authorities, to see what further steps we can take.

Going back to the broader point around planning policy and meeting current housing needs, we have very clear choices available on how we meet that need now and over the next decade or more, as the Minister's initiative in Ireland 2040 has indicated. We have to try to secure more compact, sustainable urban development. That includes the efficient use of urban land, increasing densities or more compact development generally. It is vital for the sustainable development of our urban areas that apartment developments become more successful and more viable to progress in the short to medium term.

**Ms Rosalind Carroll:** Deputy O'Dowd mentioned the plight of tenants earlier. In the rental market and anecdotally, we are seeing some impact on supply from rent regulation. I do not think that the plight of tenants can be disentangled from that of landlords because both are needed for the relationship to exist. Some of the measures that have come in do not necessarily take into account that there are people charging rents below market rates and so on. There are issues for some landlords in the market. Not every landlord is charging to excess. When we are looking at the longer term plans and the review in June, we need to start thinking about certainty within the market. Whatever tweaking that we might think about doing, we need to provide some level of certainty to investors. Research we carried out in 2014 showed that most landlords at the time had mortgages. Their rental income did not cover mortgage repayments. While the rental market has increased in some areas, we are still 7% below peak rates outside of Dublin and that has to be taken into consideration.

It is important that everybody knows where we are going, that there is a sense of direction about policy and that we are going to bring some certainty to the market. That is the biggest

question from many landlords and investors I have met over the last month. They ask if there are going to be more tweaks to regulations, and that is going to inform their decisions on providing further supply to the market or exiting. We are happy to provide data to any Deputies if they feel we have not answered any of the questions on rent pressure zones, RPZs, and our role in that.

**Deputy Fergus O'Dowd:** My experience is that tenants, not landlords, are being exploited. I accept and acknowledge that there are excellent landlords. I am talking about those who are exploiting rents in certain parts of my constituency in an appalling way. I hold no flag for them and I never will.

I acknowledge everything that Minister - not Minister, Mister, I am promoting him there - Mr. Cussen said. One key point is that the Apollo House occupation showed me that we have to look at empty commercial properties in our major urban areas that will never be used again for commercial purposes. I know that Apollo House is separate because it is going to be demolished. Such properties could be in former port areas. We all know that those areas have been blighted for perhaps ten or 15 years. We need to fast-track the capacity to occupy empty commercial properties that will never be used again and transform them for residential living. Perhaps the Housing Agency is aware of this. The Empty Homes Agency of the United Kingdom shows examples of empty bank premises which are occupied, and of areas in docklands or areas neglected for many years now in full and dynamic occupation by tenants. The ground floor can be kept for business but a hugely dynamic interaction can be had to renew and rejuvenate many places in centres of our cities and towns that are neglected.

The final point is that one of the things it makes a recommendation on is that planning permission for change of use can be fast-tracked and there is no penalty for change of use from commercial to residential. If it is not zoned for residential use, there are ways around that and simple things that can be done. A higher density can be promoted in these areas. The thinking is excellent and the additional input which myself and people here can provide will hopefully make a better result for everybody.

**Chairman:** I thank the Deputy. Does Ms Nic Aongusa wish to comment? If not, I will call Deputy Casey.

**Deputy Pat Casey:** Are we finished completely now? I should mention the Tyrrelstown amendment before we depart the building. We all had concerns before Christmas about the argument over whether it would be 20, ten or five and back to ten again. Then we were informed that the Attorney General gave strong evidence that it should be ten. In light of the information the Minister has given us, we would say that is weak and that, perhaps, we should revisit the matter. Is this on the cards for revision in June? Equally, we are not here to penalise accidental landlords. There are, however, other issues of which we are aware. Does Ms Nic Aongusa know how many pre-1963 tenancies we have?

**Ms Bairbre Nic Aongusa:** On the Tyrrelstown's amendment, as the Deputy rightly said, we got legal advice from the Attorney General to the effect that issues of private property and constitutional rights arose in that context. We were told that whatever figure we arrived at would have to be substantial and proportionate and the advice we got was that ten units was appropriate. However, under the rental strategy, we are committed to looking at options for securing tenants' rights when properties are in receivership. A working group has been established and it will hold its first meeting on Thursday. I will chair the group which will also include representatives from the Departments of Justice and Equality, Jobs, Enterprise and Innovation and

Finance as well as representatives from the Attorney General's office. We will examine how the obligations of landlords could transfer to receivers so that the rights of tenants in properties that are in the hands of receivers can be protected.

I do not have information on exactly how many pre-1963 tenancies exist but such tenancies would be covered by the Tyrrelstown amendment where there are ten or more units in a single property and where they are not otherwise exempt under the legislation. That has been confirmed for us.

I would like to make a few closing remarks, if I may. I thank the committee for giving us the opportunity to come here to discuss these issues today. The meeting is smaller than we had anticipated but it has been useful. It is very clear that the rental strategy is only one part of the Government's overall approach to housing, which is set out in Rebuilding Ireland. We will be appearing before this committee again on 9 March to discuss overall progress. The Secretary General will be leading a delegation to look at overall progress on many of the issues that we touched on today. Ultimately, the most effective way to moderate rents and to have a functioning rental market is to increase supply and the entire Rebuilding Ireland programme is dedicated to doing that. In the longer term, we feel strongly that we need to look at restructuring the rental market. We need to grow the not-for-profit sector and ensure that people on middle incomes can have access to affordable rental accommodation.

The rationale for the rent pressure zones to which we referred earlier is very clear. They are time-bound, targeted and transparent mechanisms to intervene in the market until the supply comes back on stream. The process is transparent, evidence based, independent and underpinned by legislation. As I said, we will be reviewing it in June and taking everyone's views into account. In that context, today's conversation has been particularly helpful. I thank the committee members as well as my colleagues for their support today.

**Chairman:** I thank Ms. Nic Aongusa. I wish to point out that this meeting clashed with a number of other committee meetings so some members could not stay for the duration. I ask that Ms Nic Aongusa would furnish the committee secretariat with any additional data she may have which can then be circulated to all committee members. I thank all of the witnesses who attended today and we look forward to our next meeting with the departmental representatives. We had a very honest and open discussion today.

The joint committee adjourned at 1.25 p.m. until 2 p.m. on Thursday, 9 March 2017.