

# Submission

## Review of the Rent Predictability Measure

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### Introduction

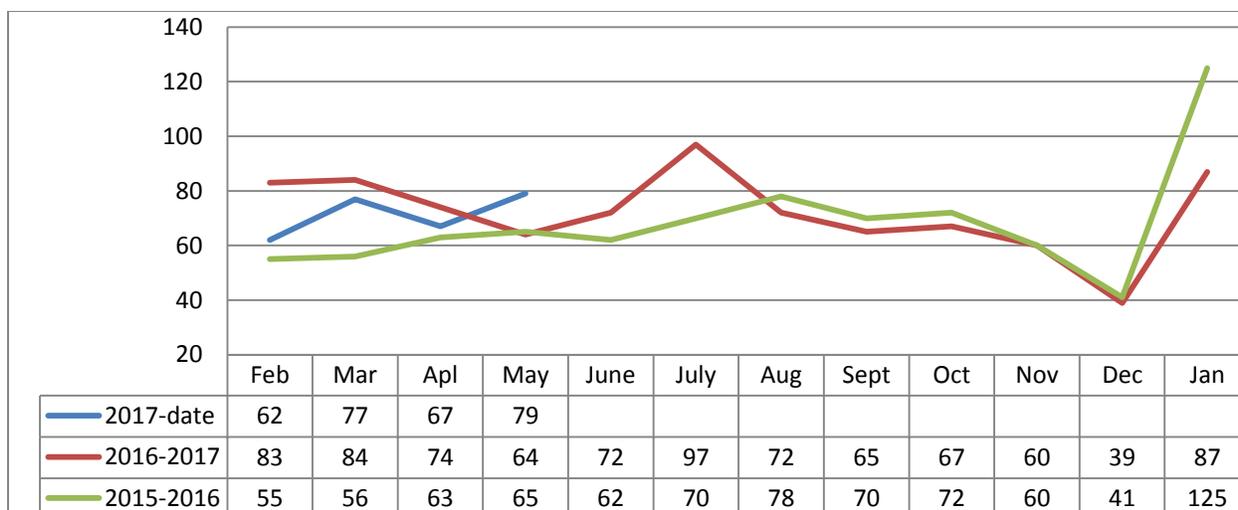
Focus Ireland welcomes the opportunity to contribute to the review of recently introduced Rent Predictability measures and the Rent Pressure Zones (RPZ). This submission responds to a number of the questions posed by the Department in the public consultation paper.

Focus Ireland is one of the leading providers of support services to individuals and families experiencing or at risk of homelessness. In the course of our work we have day-to-day exposure to the faults and weaknesses within our housing system. We operate a family homeless prevention service which supports households at risk of homelessness. This experience and the research we conduct to support it helps to inform our policy positions and any formal submissions we make to Government.

With this in mind, at the outset we would note that our research has yet to produce qualitative or quantitative evidence showing a strong positive or negative impact of RPZ's in our front-line work.

What is notable is that in 4 of the 5 months since the RPZ was put in place in Dublin the number of families becoming newly homeless has been less than in the same month in 2016. This trend is likely to be influenced by increased HAP and rent supplement levels, put in place in July 2016, which are supporting families to meet the cost of renting but it cannot be discounted that the designation of Dublin as a RPZ may have contributed in some part to this trend.

**Table: The number of families becoming newly homeless in the Dublin Region FEB 2015 - MAY 2017**



## RPZ Designation Criteria

The Department should consider the designation criteria as it relates to local electoral areas. We note that some areas miss out on RPZ status by a small margin. For example, in RTB analysis released in January 2017, Maynooth failed to secure a designation by a single percentage point, while Greystones missed out by 0.2%.<sup>1</sup> This is in spite of the fact that households are paying 44% above the national standardised rent.

While we understand the need for clarity in the designation process, it does seem unreasonable that in an area where households are paying 44% above the national standardised rent, tenants are not deemed eligible for rental protection on the basis of a fraction.

Local electoral areas can encompass large swathes of residential land, where rental prices can differ substantially. In the above example of Maynooth, for instance, rental averages impacting areas of high demand may be affected by areas with substantially lower rents. We are concerned that the LEA model does not sufficiently take into consideration disparities across regions. Similarly, we are concerned that the national standardised rent is too crude a measure to effectively protect tenants. The model does not accurately take into account regional contexts including: the cost of property, the cost of living, income.

## Landlord criticism

We are aware that many landlord representative bodies have expressed dissatisfaction with the rent predictability measures introduced in the Rental Strategy. We would caution the Department against heeding to any threats of a mass exodus from the market. It should be noted that the introduction of the Residential Tenancies Act in 2004 was met with significant criticism from this sector, yet the number of landlords operating in the market increased

<sup>1</sup> RTB data: <http://www.rtb.ie/docs/default-source/rent-pressure-zones/summary-results-table.pdf?sfvrsn=2>

substantially in the following years. Irish tenants deserve real security of tenure, and the only way to provide this is through strict regulation.

We would also be wary of allowing for larger rental increases to placate 'good landlords'. While it is true that some landlords did not increase their rents to the extent that others did, many households paying below market rents are still struggling significantly. Our continued reliance on the rental sector to provide housing to economically vulnerable families means many would be severely impacted if their rent was permitted to jump substantially. However, without any insight into the Department's definition of 'considerably below market rent', it is difficult to provide a robust response to this question.

### **4% limit**

Focus Ireland and others have long advocated for rents to be linked to CPI. The 4% rate prioritises a continued increased return on capital investment to the landlord in the context of rents above a standardized national rent and with a significant history of rental return in the previous 18 months. A continued growth of 4% per annum having no regard to other factors in the economy such as wage stagnation can put families at risk of homelessness. However as noted above given that we have not seen this scenario play out and given that RPZ's were introduced so recently it seems more prudent to retain the current system while continuing to monitor for such negative effects.

### **Implementation**

As noted above, we have not yet conducted research which would provide concrete evidence of the impacts of the RPZ or rent predictability measures to date. However, our front line advice and information staff have reported a number of cases whereby landlords attempted to raise the rent above the 4% limit. Once challenged on the legality of so doing, a small number proceeded to state that they were removing the property from the market. Although this information only relates to a small number of cases, it raises serious concerns about the implementation of rent predictability measures.

The above issues are exacerbated by the fact that no monitoring system has been put in place to ensure that landlords abide by the new legislation. The only option available to tenants is to refer a dispute to the Residential Tenancies Board, which tenants in precarious accommodation are understandably reluctant to do. The RTB has stated that it does not have a mandate to independently investigate rent levels or trigger an investigation if landlords register rents which exceed the statutory limits. We believe that this is gap in tenant protection which should be examined.

## Additional Comments

While we very much support evidence-based reviews of State policies, and while these should often be carried out as early as possible so that services can be amended accordingly, we would caution against premature decision-making in this regard. It is possible that the review of rent predictability measures introduced with the Rental Strategy will need to be a more iterative process.

By way of example, we know that housing policy decisions sometimes have a lag effect which may only become apparent in homeless statistics months later. Focus Ireland conducts quarterly telephone surveys with families that have become homeless in a particular month. Many of these families had their last stable accommodation in the private rented sector, but spent time staying with friends and family before eventually presenting as homeless.<sup>2</sup> This practice can undermine any causal arguments derived from data.

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<sup>2</sup> See Focus Ireland Insights into Family Homelessness: <https://www.focusireland.ie/research/>