

# Focus Ireland's Submission to the Review of the Private Rented Sector

**August 2023**

Focus Ireland welcomes the opportunity to make a submission on the public consultation for a new strategy on the private rental sector. The rental sector in Ireland is contracting at a time of rapidly growing demand, and this requires immediate policy action. As noted in the recent NESC Report on [Private Rental in Ireland](#), in terms of size, the balance between home ownership and renting has shifted towards the EU average: 30 per cent of households in Ireland now rent (both private and social). Despite this Ireland's private rental market lagging in affordability and security of tenure compared with other Member States.

The State's reliance on the private rental sector to accommodate large numbers of its most vulnerable citizens is an inevitable outcome of inadequate State investment in social housing over several decades. While we acknowledge the role of the Housing Assistance Payment (HAP) in recent years in assisting households exiting homelessness to private rented accommodation, Focus Ireland has long maintained that there is an overreliance on the private rental sector and that it is not an appropriate social housing solution for many households.

## 1. Composition of the Sector

### Size of the Private Rental Sector

As noted in the background material for this consultation, the recent pressure on the private rental sector reflects a shortage in all forms of housing and cannot be resolved in isolation. Progress on increasing the total supply of housing, particularly the supply of social and genuinely affordable housing, would greatly ease the pressures evident in the private rental sector. Social housing, cost rental and affordable home ownership have the potential to provide options for many in the private rental sector or who are searching for this type of accommodation.

A new strategy for the private rental system needs to reconcile two very different objectives (i) to identify and set a course to achieve the stable, appropriately sized private rental required over the next decade and more (ii) respond to the immediate crisis in the sector, minimising the number of households evicted into homelessness while retaining a capacity to provide homes for people in exiting homelessness. We do not underestimate the challenges of reconciling these two objectives, nor the importance of doing so. The long-term vision should be informed by the recommendations of the Housing Commission which has been asked to look at similar timescale.

At a time of growing demand for private rental properties, there has been a notable decline in registered tenancies as landlords continue to exit the private rental market and are not replaced by sufficient new investors. At the end of 2021, there were 276,235 private tenancies registered with the Residential Tenancies Board (RTB), down from 319,882 in 2016. This represents a fall of close to 44,000 (13.6%) private tenancies registered over this period. The number of new tenancies registered with the RTB in the second quarter of 2022 was 12,701, a fall of 16 per cent compared with the same period in 2021. It is important to note that Census 2022 data presents a different picture, with a growth in the number of households who report that they rent from a private landlord. Census 2022

reported 330,632 households that rent from a private landlord compared to 309,728 in 2016. This census data contradicts both RTB data and the front-line experience of services such as Focus Ireland Advice and Information, but it is important to better understand why this divergence in data is emerging.

The increased number of landlords leaving the Irish market, combined with the unusual provisions in Irish law that allow landlords to end a tenancy to sell, has resulted in the Irish rental market being associated with high levels of precarity and instability since the start of the Global financial crisis in 2008. This precarity occurred despite the significant legislative changes which increased tenant security in some dimensions of their tenancy.

Precarity in housing is understood as “a state of uncertainty which increases a person’s real or perceived likelihood of experiencing an adverse event, caused (in part) by their relationship with their housing provider, the physical qualities, affordability, security of their home and access to essential services”.<sup>1</sup> In an Irish context, public policy has almost always favoured home ownership as the preferred housing tenure, and precarity in the private rental sector has contributed to pushing households in the direction of ownership. The public policy of ‘tenure neutrality’, set out as Government policy in 2011, should drive efforts to create similar levels of security in the private rental sector as in the owner-occupier sector, and should be re-affirmed in the forthcoming strategy.

Precarity in the Irish rental market has been characterised by spiralling rents, poor treatment of tenants by landlords, low compliance of landlords with regulations under the RTB, the poor quality of homes and standards in private rented accommodation, and the looming threat of no-fault evictions (enabled by Section 34 Residential Tenancies Act) where landlords may evict tenants from the property for a variety of reasons such as to sell, move in family members, move into the property themselves or carry out major repairs.

These factors have made the Irish private rental market an unstable, volatile form of accommodation where the rights of tenants and landlords are greatly imbalanced and where vulnerable groups of people are often at risk of homelessness and poverty, often creating high levels of anxiety and stress among rented households.

## **Future Demographic trends**

In line with changing trends, the long-term role of the private rental market should be to cater for a diverse cohort of tenants; one which provides adequate stability for renters from across the life course, especially in the context of an ageing population. People choose to rent for a myriad of reasons, and a new strategy for the private rental market should move away from the traditional view that renting is merely a stepping-stone to home ownership or a solely short-term arrangement.

Similarly, to the way in which the principle of universal design has become central to building and construction considerations in recent years, the private rented sector strategy should seek to provide an inclusive form of housing, catering to a diverse pool of renters from a range of socioeconomic backgrounds, ages, and health needs.

The new strategy should be based upon evidence-based projections of the demographics of the households that will require private rental accommodation. While such projections will necessarily

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<sup>1</sup> [Constructing a housing precariousness measure for Europe - Amy Clair, Aaron Reeves, Martin McKee, David Stuckler, 2019 \(sagepub.com\)](#)

contain uncertainty, the publication of the assumptions on which the strategy is based will allow it to be updated as trends emerge.

To assist this, the strategy should undertake research to gather age-related, tenure specific data which reflects the lived experience of different groups of renters: including young people, older people, families, single adult households, households experiencing family breakdown, households with disabilities or illnesses, households on low incomes and mobile or remote workers.

Datasets should be consolidated to examine projections on population, housing, health, and ageing, and should be made available at local levels for planning purposes in Local Authorities. Wider changes in the labour market including the increased flexibility and mobility of workers, an increase in households engaging in hybrid and remote work, and recent 'work from anywhere' policies have corresponded to changes in need among renters and homeowners. The themes of housing and employment are strongly interlinked, as changing patterns in where and how people live and work result in changing needs.

The rental sector strategy should also consider widespread changes in family composition. There is an increasing number of families in private rented accommodation. The number of married couples with children in rental accommodation increased by 20.1 per cent to 101,741 families between 2011 and 2016.<sup>2</sup> The private rented sector should provide more stability for family households.

Family homelessness has increased 30% in the last year, of which a key driver is evictions from the private rented market.<sup>3</sup> Family and relationship breakdown is also cited as a contributor to homelessness; when relationship breakdown occurs this often means that one or both parents need to leave the established family home. A more secure, affordable private rental market would ensure more options available to households experiencing family breakdown where a parent may need to leave the family home.

### **Hidden housing need and homelessness**

While robust data is unavailable on levels of hidden homelessness (those experiencing homelessness but not in emergency homeless accommodation and recorded in official statistics) it can be presumed that increases in family breakdowns have caused an increase in hidden homelessness, as many people were encouraged to stay with family and friends in recent years, having presented as homeless to local authorities. The strain on emergency accommodation has led to an increase in often inappropriate and overcrowded arrangements with family and friends, which increase the vulnerability of families in precarious living conditions.<sup>4</sup>

The establishment of long-term leases arrangements would benefit family households opting to rent, enhancing the security of rental tenancies, and helping to prevent family homelessness. Older persons face certain barriers in the private rented sector which a new strategy must address.

While indefinite tenancies were committed to in Housing for All in 2021, many cohorts including older renters, report that feelings of insecurity remain heightened because of the significant increase in Notices of Termination and, in several cases, because of intimidatory behaviour by landlords. Recent

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<sup>2</sup> [Families - CSO - Central Statistics Office](#)

<sup>3</sup> Long, A.E., Sheridan, S., Gambi, L. and Hoey, D., 2019. Family homelessness in Dublin: causes, housing histories, and finding a home. *Focus Ireland*.

<sup>4</sup> Pleece, N. and Hermans, K., 2020. Counting all homelessness in Europe: The case for ending separate enumeration of 'hidden homelessness'. *European Journal of Homelessness*, pp.35-62.

research<sup>5</sup> shows that 42% of older participants reported experiencing high stress levels renting in the private sector.

The research highlights two solutions to increase security of tenure, namely the removal or restriction of 'no fault' evictions from the Residential Tenancies Act and the establishment of long-term lease agreements, such as 10, 15 or 20+ year agreements in which a landlord could not issue a no-fault eviction, eliminating all grounds for termination other than rent arrears or undue damage to property.

Disadvantages are compounded in situations where illness or disability apply, or where significant care needs exist and/or where housing adaptation may be required. Focus Ireland supports the recommendations made by Threshold and Alone specifically the following:

- Ensure adequacy of the State pension in line with rising costs and inflation.
- Continue to invest in the Housing Adaptation Grant Scheme and provide incentives for private landlords to access.
- Increased ring-fencing of social housing for older people with the State committing to a minimum of 25% of all new builds for social housing being developed to age-friendly and universal design standards, while also committing to addressing gaps in data in relation to projected housing need for ageing and older people.
- Continue to develop, invest in, and evaluate promising housing models, inclusive of supports, particularly via Approved Housing Bodies (AHBs).

The private rental sector has always been a significant route out of homelessness for many single people and in recent years, due to the failure to build sufficient social housing, it has been a crucial route into a new home for many families. The scale of this reliance on the private rental sector is due to the shortage of social housing, but there are reasons why the private rental sector will always remain an important route out of homelessness (people who are homeless may not be on the housing list because they are recent arrivals in the area, are only recently a 'household' in their own right, may have had disorganised lives, or may face 'estate management issues'). Some of the issues around this are discussed under the 'Subsidies' section.

### **Recommendations:**

- The Private Rental Strategy should be built upon published, evidence-based projections about the likely demographic patterns of households making their home in the private rental sector over the next decade.
- DHLGH should undertake research to gather age-related, tenure specific data which reflects the lived experience of different groups of renters from across the life course.
- Implement Alone and Threshold's recommendations for older renters as outlined in the *Double Deficit* report.
- The continued importance of the private rental sector as a route out of homelessness for those not eligible (or only recently eligible) for social housing needs to be reflected in the strategy.

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<sup>5</sup> [Double Deficit: Older and Ageing Persons in the Irish Private Rental Sector \(2023\) Threshold and Alone.](#)

## 2. The Cost of Renting

### What changes, if any, should be made to the policy of price controls in the residential rental market?

The following recommendations are made in the context of the substantial growth of the residential rental market over the last two decades, its current stature in terms of percentage of all homes, and most significantly the reliance on the residential rental market to provide long-term social housing solutions, with 22% of private tenancies registered with the RTB receiving support via HAP at the end of 2021,<sup>6</sup> and in 2022 the ESRI estimated that approximately 1-in-3 renters in the residential rental market are in receipt of State subsidies in the form of HAP, RAS, and Rent Supplement.<sup>7</sup>

Focus Ireland have previously set out that the Government's view, that the long-term solution to homelessness is through increased provision of social and cost rental housing, is the correct position. However, as we wait for the increased delivery of social and affordable housing, we must recognise the current composition of the residential rental market, and the continued reliance upon rent subsidies to provide for exits from homelessness, in our assessment of the market and planning for its stable future.

### Impact and Effect of Price Controls in the Residential Rental Market

Evidence shows that the phased introduction of Rental Pressure Zones (RPZs) has impacted price inflation in the private rental sector as intended.<sup>8</sup> However, this research, as well as previous research,<sup>9</sup> has shown that price increases above the threshold imposed by RPZs remain prevalent, with 40% of tenancies in RPZs identified as having growth rates above the cap. The examined tenancies exhibiting higher levels of inflation have documented rent histories, therefore they fall within the scope of the regulations. Tellingly, these increases occur despite the low number of authorised exemptions registered with the RTB.<sup>10</sup>

The continued inflation of rental prices above and beyond RPZ regulations show that there is a level of persistent non-compliance, combined with a possible continued lack of awareness of RPZs and the process of registering exemptions with the RTB. ESRI projections for future price inflation within the private rental sector indicate upward pressure on rents in the absence of stabilisation measures, as the economy continues to recover post-pandemic.<sup>11</sup>

This is corroborated by the most recent RTB Rent Index which shows a year-on-year rate of change of 7.6% in standardised average rent in new tenancies in Q4 2022,<sup>12</sup> with a year-on-year increase of 6.9% in Dublin despite the presence of RPZs.

### Recommendations:

Given the prevalence of price increases above RPZ caps, we recommend improved awareness raising, monitoring and implementation of existing RPZ controls by the RTB to ensure adherence and reduce

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<sup>6</sup> [Delivering on Housing in Ireland | Housing Europe](#)

<sup>7</sup> [LOW INCOME RENTERS AND HOUSING SUPPORTS \(esri.ie\)](#)

<sup>8</sup> [gov.ie - Rental inflation and stabilisation policies: International evidence and the Irish experience \(www.gov.ie\)](#)

<sup>9</sup> [Trends in Rental Price Inflation and the Introduction of RPZs in Ireland.pdf \(rtb.ie\)](#)

<sup>10</sup> O'Toole, C. (2023). Exploring rent pressure zones: Ireland's recent rent control regime. International Journal of Housing Policy.

<sup>11</sup> n8

<sup>12</sup> [RTB Rent Index Q4 2022 .pdf](#)

instances of non-compliance, which are contributing to continued increases in standardised average rent, reducing affordability. If additional resources are required to achieve this, then these should be made available to the RTB to do so. This consolidates the recommendation to increase RPZ compliance previously made by the ESRI.<sup>13</sup>

We also recommend an information and awareness campaign to ensure tenants within RPZs are aware of the regulations, and the ways by which they can report instances of non-compliance to the RTB. RTB research in 2019 indicated that more than half of tenants within RPZs were not aware that there are restrictions in place around rent increases in their area,<sup>14</sup> a factor which is likely to facilitate continued instances of non-compliance. The success of such a campaign relies upon the ability of the RTB to effectively investigate instances of non-compliance, therefore awareness raising must occur in tandem with implementation of the previous recommendation.

## Renewal of RPZs

As inserted by the Residential Tenancies (No. 2) Act 2021 (17/2021), section 24B of the Residential Tenancies Act 2004 provides for the designation of Local Authority (LA) areas and Local Electoral Areas (LEAs) as Rent Pressure Zones until 31 December 2024. The designation of areas as RPZs follows the respective increase of more than 7 per cent in each of at least 4 of the 6 quarters preceding the period immediately prior to the date of the proposal by the Housing Agency to the Minister.<sup>15</sup> Therefore, their introduction has been a reactive measure responding to localised rapid rental price growth, divergent from the national average. It has also been noted that the introduction of RPZ regulations was a transitory policy response, further evidenced by the clear time-limited duration provided within legislation.

As highlighted in the previous section, RPZs have had the intended effect of dampening inflation and avoiding price hyperinflation within the private rental sector. However, ESRI model simulations forecast significant increase in rental inflation in the coming years, as the labour market continues to improve, in the absence of stabilisation measures.<sup>16</sup> This forecast, in combination with continued strong growth in new tenancies evidenced by the RTB Rent Index,<sup>17</sup> as well as the continued designation of new areas expanding RPZ coverage, clearly demonstrate that the need for regulations aimed at limiting rapid rental growth rates is a longer-lasting requirement rather than a transitory measure. However, we also recognise the need to avoid externalities such as negative supply-side effects, particularly in light of the current constriction within the private rental market as landlords decide to evict-to-sell and leave the sector. In light of these considerations, we make the below recommendations.

## Recommendations:

Based on ESRI projections outlined above, along with the regular addition of new areas covered by RPZ regulation, we recommend the long-term adoption of regulations provided by RPZs on a nationwide basis. The continued treatment of RPZs as a short-term, contingent measure which requires periodic renewal contributes to the uncertainty in the private rental market.

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<sup>13</sup> n8

<sup>14</sup> [Landlord and Tenant Experiences of Rent Pressure Zone Measures.pdf \(rtb.ie\)](#)

<sup>15</sup> Residential Tenancies Act 2004, S. 24A (4)(a).

<sup>16</sup> n8

<sup>17</sup> n12

It is important to note that ESRI research has not found evidence of any direct negative effect of RPZ regulations upon the supply of new properties in the residential rental market, with trends of decreasing supply in Dublin, Cork and Galway beginning long before the introduction of RPZs.<sup>18</sup>

However, to avoid negative externalities of this nationwide adoption including supply-side effects, we recommend for this adoption to coincide with the introduction of a new mechanism which allows rent reviews, in a limited number of cases. Landlord organisations have claimed that there are a large number of cases where landlords moderated rents prior to the introduction of RPZs, and are now experiencing loss, even when the established tenant leaves. Our experience would suggest that these cases are less frequent than some commentators claim, but they do exist and serve to create a sense of uncertainty and unfairness in landlords and potential landlords.

Some groups representing landlords and investors have proposed that this issue could be remedied by allowing landlords to reset rents to market levels on re-letting. In our view there would be serious, unintended consequences to this approach, most notably creating a financial incentive for landlords to evict tenants so that they could re-let at higher levels.

Rather, we propose a process under the remit of the RTB through which a landlord may apply in hardship cases where the rent charged for their property has fallen significantly behind the standardised average rent for their area due to several consecutive years without allowable increases. This mechanism should only be available where a landlord can demonstrate hardship prior to a tenancy beginning, to ensure that existing tenants are not adversely hit with considerable inflation rates within their tenancy. Such a mechanism cannot be allowed to facilitate the eviction of tenants to circumvent RPZ regulations, and must involve RTB oversight.

The adoption of this recommendation simultaneously provides a consistent, predictable approach to rent regulation, addressing landlord frustration related to an unpredictable regulatory environment, and provides a mechanism by which landlords who have previously elected to waive their right to implement allowable rent increases can 'reset' in line with the respective standardised average rent between tenancies. The inability to address the latter of these issues was highlighted as a frustration by landlords in RTB research on Landlord and Tenant Experiences of Rent Pressure Zone Measures.<sup>19</sup>

### **3. The Subsidisation of Households Renting Market Units**

Rather than ask what the best way for the State to deploy subsidies, the State should instead explore how it can fulfil the goal to move away from relying on private landlords to provide social housing, develop a plan to achieve this and to ensure that new build social housing targets are linked to a phasing out of private- rental subsidies as long-term housing needs are met.

There is a clear role for private rental subsidies, like Rent Supplement, which provide short-term support for households that may suddenly find themselves unable to pay rent (for example, if someone suddenly becomes ill and is unable to work) to prevent them losing their home. These subsidies need to be quick, proactive and short-term. The simplification of the application process for Rent

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<sup>18</sup> n10

<sup>19</sup> n14

Supplement which was delivered during the pandemic is an example of how these supports can be made more effective and prevent housing insecurity due to short term personal crises.

Where long-term housing support is required, social housing provided by local authorities or AHBs should be the normal vehicle for meeting this need. Government policy in relation to HAP remains confused and confusing, and this confusion contributes to uncertainty across most of the private rental sector.

The large-scale subsidisation of low-income households reliant on the private rented market is having the dual negative impact of 1) placing an estimated 100,000 households who use for state supports to rent at increased risk of poverty and insecurity compared to both other private renters and households in local authority housing 2) removing almost all of the most affordable private rental accommodation from the market, placing upward pressure on rent prices, and placing a particularly heavily burden on households who are slightly over the threshold for social housing.

Consequently, it will not be possible to have clear strategy for the private rental sector without clarity about Governmental goals in relation to HAP, and how and when they are to be achieved.

The heavy and strategic reliance on private rental subsidies, in particular HAP, to provide homes for households eligible for social housing has one of the biggest housing policy failures of the last decade. While Government has signalled that it wishes to decrease reliance on HAP through the increase of new social housing,<sup>20</sup> current Government strategy does not set out how increased social housing supply will, over-time, impact on the number of HAP tenancies. Given the existing level of housing need, we cannot simply assume that increased social housing supply will automatically translate into a decrease in HAP tenancies. What is more likely is that as a small number of HAP tenants transfer to LA and AHB provided housing, new HAP tenancies will be created in the same homes.

The confused policy in relation to HAP can be seen in the way that it has been used as both a carrot and a stick by policymakers. Low-income households, particularly those in emergency homeless accommodation, are told as a matter of policy that there is no point waiting for secure, affordable LA/AHB social housing and that they will be years waiting for an alternative to HAP. For many years, the private rental sector (with HAP subsidies) did provide the only route out of homelessness for many households. More recently, a number of factors including the exit of landlords and rent inflation have resulted in a significant fall in the number of households leaving homelessness to HAP tenancies in the private rental sector. HAP tenancies are presented as 'a housing solution', equivalent to a social housing tenancy, with households being taken off the main housing list (and the assessment of housing need). However, their continued housing needs is reflected by being placed on 'transfer lists' and Government policy whose stated aim is to reduce reliance on HAP, which would require them to be re-housed.

Meanwhile, policy apparently accepts that such households are more likely to live in poverty than those who have a social housing tenancy. The recent EU SILC 2022<sup>21</sup> showed that housing support payments are placing households at a greater risk of poverty than any other tenure. Households in receipt of HAP had an 'at risk of poverty rate' of 12.7% before housing costs but this increased by more than 5-fold to 67.6% after they paid their housing costs. This is higher than both those renting without

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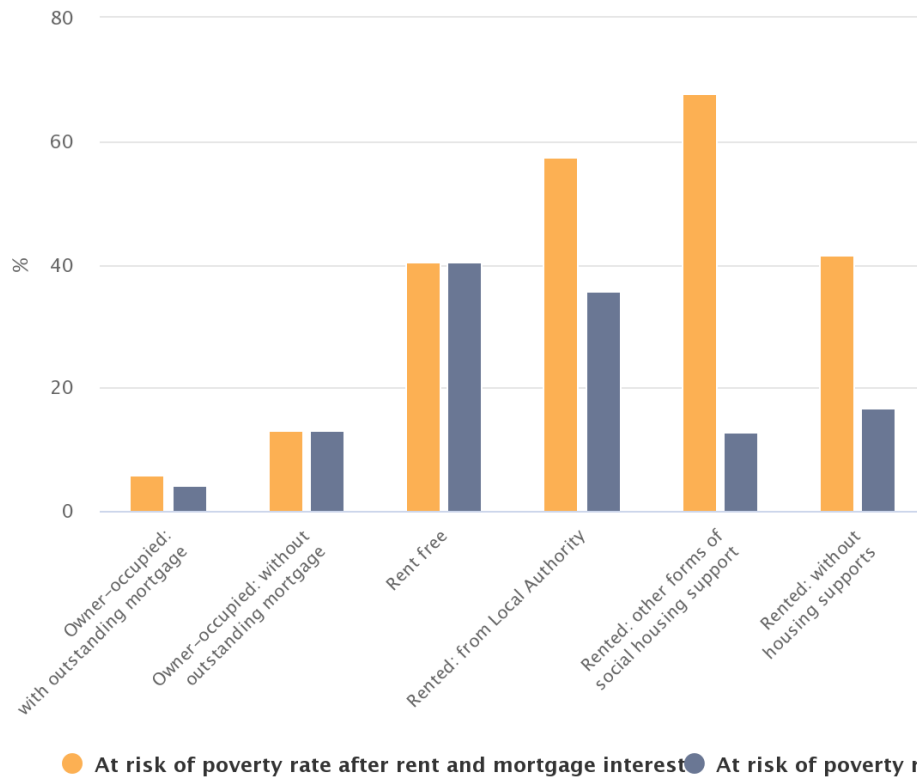
<sup>20</sup> [Dáil Éireann Debate, Tuesday - 26 July 2022](#)

<sup>21</sup> [Survey on Income and Living Conditions \(SILC\) 2022](#)



state supports as well as those rented from local authorities, demonstrating how those renting with state supports are uniquely vulnerable.

**Figure 5.8 At Risk of Poverty Rate after Rent and Mortgage Interest by Tenure, 2022**



Source: CSO Ireland  
Highcharts.com

The confusion in Government policy has further revealed recently as the Department of Housing expresses concern that a HAP tenant may be receiving an ‘unfair advantage’ if they avoid eviction through their home becoming social housing through a ‘Tenant in situ’ purchase. If Government policy were consistent the Department and local authorities would simply see this as a transfer between different forms of ‘social housing solution’.

Focus Ireland sees three clear differences between HAP and traditional social housing which has created a hierarchy of social housing in Ireland and a unique vulnerability of those reliant on rental subsidies:

- Affordability-** The rent paid by tenants of LA or AHB housing is only differential rent and usually approx. 15% of income. The rent paid by HAP tenants is both differential rent and, in the many cases, top-ups to landlords to make up the difference between HAP limits and allowable rent increases in RPZs. This means that HAP tenants end up paying a much higher rent than other social housing tenants and increases the risk of poverty rate as shown in the SILC (2022) data.

- **Arrears-** HAP tenants who fall behind with their differential rent are not treated in the same way as other social housing tenants and are subjected to unfeasible repayment plans that are much less supportive.
- **Security and risk of eviction-** There is no risk of a 'no fault' eviction in local authority or AHB housing. Households who use state subsidies to rent are at a high risk of eviction with approx. 28% of HAP tenancies ending between 2016-2021 because of 'no fault' eviction with many households presenting to emergency homelessness accommodation from HAP tenancies.

As noted above, the large number of private landlords who rent to HAP tenants mean that these inconsistencies are not just a problem for the tenants who experience them, but create uncertainty across the sector. A new Private Rental Strategy will not succeed unless it can bring some clarity to this situation in terms of current treatment of tenants, expectations of landlords and long-term goals.

### **The private rental sector and exits from homelessness.**

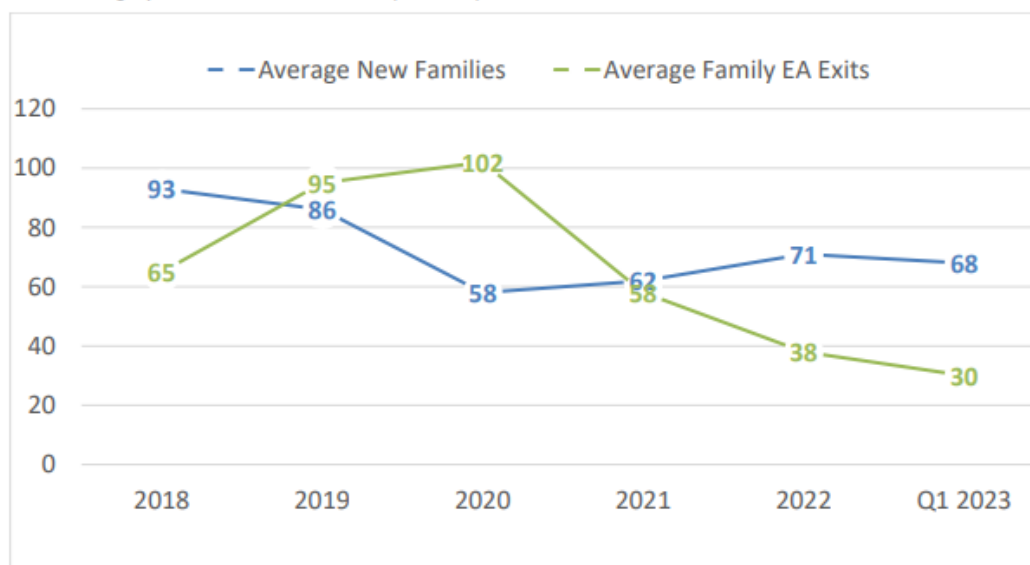
While we must recognise the numerous and well-documented issues with the heavy reliance of successive governments on private rental subsidies, it must also be recognised that HAP has played a crucial role of enabling exits from homelessness at a time when there was very little new build social housing. HAP was the primary exit vehicle from homelessness between 2016-2021, making up between 60-70% of exits during this period.

However, the number of households, and families in particular, that are able to exit homelessness so far in 2023, and throughout 2022, has fallen sharply as demonstrated in the graph below taken from the [DRHE's Homeless Report for May 2023](#). The decline in exits is primarily due to the significant shortage of private rental accommodation with HAP now only making up 33% of exits<sup>22</sup>, without a compensating increase in social housing allocations to homeless households, leading to an overall trend of declining exits – and rising homelessness.

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<sup>22</sup> [Homeless Quarterly Progress Report- Q2 2023](#)

**Table 1: Average presentations and exits (families)**



A core response to this challenge must be to increase the number of allocations to social housing as the amount of new social housing becomes available, but access to the private rental sector will always remain a key route out of homelessness for many people, as discussed above under Section 1. While the decline in homeless exits to the private rental sector partially reflects the overall challenges within the sector, it also reflects the relative loss of impact of the additional subsidies related to Homeless HAP. The higher level of rents which can be covered under Homeless HAP (HHAP) is designed to compensate for the disadvantages that homeless households experience in the rental market and allow them to compete successfully in a competitive market. In this regard, the relative decline in the effectiveness of HHAP can be seen as a reduced commitment to tackling homelessness, as judged against other pressing and important priorities (e.g., the challenges faced by working renters.)

## **Recommendations:**

### **1. Reform of HAP- short-term priority to prevent further rises in homelessness**

In the medium term, urgent reforms are needed to the HAP scheme while we are waiting for the increases in social housing stock to have an impact. It is essential that (i) households eligible for social housing are adequately supported while they are accommodated in the private rental sector and (ii) that landlords are incentivised to remain in the rental market, as we are already seeing a reduction in the number of properties available to rent.<sup>23</sup>

Unless the levels of HHAP are increased to re-establish its relative competitiveness in the market, homelessness will continue to rise and many people who are not currently eligible for social housing will remain homeless for many years. On the other hand, to increase the HHAP uplift to above the existing 50% over the HAP limit only serves to highlight the inadequacy of the mainstream HAP limit itself. Any realistic review of the private rental sector, and the needs of the homeless and those at risk of homelessness, must recognise the urgent needs for systemic reform of the HAP and HHAP system.

<sup>23</sup> [Simon \(2022\) Locked Out of the Market- March 2022](#)

A commitment to 'reducing reliance on HAP' and ultimately phasing it out should not stand in the way of the reforms required to make it more effective in the immediate term. They are rather a regrettable but necessary requirement until at least 2030 to support the households currently renting using subsidies.

The 'discretionary' increase in the maximum rent limits on HAP announced in 2022 had very little impact on hard-pressed tenants as the Department of Housing made minimal effort to inform tenants of the measure and the application process was off-putting; wider, systematic rather than discretionary changes are required. Moreover, All HAP recipients should be treated fairly and be subjected to the same rules as other social housing tenants. They should have a secure home and have an adequate income after they pay their housing costs.

### **Recommendations:**

- The maximum rent limit on HAP properties should be urgently increased to realistically reflect increases in market rents over the last 6 years. Rents in the private rental market are increasingly unsustainable, especially for low-income and vulnerable groups. Despite the rise in market rents year on year, HAP rates have not increased since 2017. This means there is a widening gap between HAP rates and market rates, with tenants making up the difference by way of 'top-ups.' This gap falls on HAP tenants who, by definition, have extremely limited financial means. The annual HAP budget should factor in the allowance rent increases allowed in Rent Pressure Zones to ensure that the tenant does not have to pay for these allowable increases via a top-up to the landlord.
- Homeless HAP rates should be increased pro-rata to maintain the differential needed to overcome the barriers faced by households moving out of homelessness.
- The arrangement in which tenants make rent payments both to their local authority and to their landlord should be ended. The state should protect tenants by the local authority collecting all the rent due (both the differential rent and any agreed top-up) and then the local authority passing on the 'top-up' to the landlord along with the HAP payment.
- HAP tenants who fall behind with their differential rent should be treated in the same way as other social housing tenants, and not subjected to unfeasible repayment plans.
- Local authorities should ensure that the principle that no households should fall below an absolute minimum level of income after paying for their accommodation (as set out in Social Welfare Consolidation Act 2005) is applied to HAP households. In addition, no household should pay more than 30% of their net income on housing costs. Where legally allowable rent increases cause these safeguards to be breached, HAP subsidies should be increased.
- Local authorities should establish clear, accessible and transparent process to review HAP payments, in line with the 2021 Report from the Ombudsman.

## **2. Phase out of HAP must be a long-term policy objective**

The large-scale use of rent subsidies must be recognised in both legislation and policy as an interim solution for households that qualify for social housing, with LA/AHB tenancies to meet long-term need or Rent Supplement for those who only need assistance to overcome a short-term crisis.

The new strategy for the private rental sector should include a forecast of housing need and supply to inform a strategic plan on the phasing out of HAP as a long-term housing option. All households using rental subsidies that qualify for social housing must be included in the Housing Needs Assessment, and included in social housing waiting lists, so local authorities and Government can factor these households into their build programme.

Notwithstanding placing households renting with HAP at a higher risk of poverty, eviction and homelessness, private rental subsidies represent poor value for money. In the decade between 2011-2022, over €7.1 billion, or 41% of total housing expenditure, was spent on funding the HAP, RAS and Rent Supplement schemes.<sup>24</sup> While this expenditure was often necessary at the time to prevent homelessness and enable exits from homelessness, long-term it does not represent value for money to the State. In 2021, spending on the three private rental subsidies alone was just under €800 million and spending on HAP increased 45% just between 2019 to 2022. The Parliamentary Budget Office<sup>25</sup> estimated in 2020 that it would cost over €15 billion to provide a unit of housing for all HAP tenancies (approx. 60,000) through capital means based on 2020 build costs. The phasing out of HAP as a long-term housing solution in the short-term will not be cheap but long-term the building of public resources represents better value for money than sinking money into the private sector. In turn, tens of thousands of rental homes will become available for low-income renters that do not qualify for state supports.

The private rental sector has been used as quasi-social housing in the face of housing policy failure since the financial crash. By doing so, the State's use of the private rental housing has in many ways caused the current crisis we see in the private rented sector. We must return as much of this housing back to its original use as possible and directly build the social housing required to meet the long-term housing needs of low-income households.

## 4. The Quality of Homes

### Adequate Housing and Compliance

There is considerable literature on the impact of housing quality and facilities on people's physical health and well-being. Issues such as damp, poor ventilation, and toxicity in the home can have serious consequences for the health of occupants. Gaps in policy and legislation in the Irish context have resulted in low levels of regulation where the standards and quality of rental properties are concerned.

In devising an effective strategy for the Private Rented Sector, the Government should consider the [European Pillar of Social Rights](#),<sup>26</sup> which Ireland had been engaged strongly in throughout the stakeholder process, and the [EU Child Guarantee](#), which guarantees the effective access to adequate housing for children. The focus on adequacy and housing quality is especially important in the context

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<sup>24</sup> [Focus on Homelessness: Public Expenditure on Services for Households experiencing Homelessness \(March, 2023\)](#).

<sup>25</sup> [Parliamentary Budget Office Housing Ireland: Trends in Spending and Outputs of Social and State Supported Housing 2001-2020](#)

<sup>26</sup> [The European Pillar of Social Rights](#) provides for "access to social housing or housing assistance of good quality shall be provided for those in need. Vulnerable people have the right to appropriate assistance and protection against forced eviction. Adequate shelter and services shall be provided to the homeless in order to promote their social inclusion". European Commission, DG for Employment, Social Affairs & Inclusion, 2022.

of rising family and child homelessness, as the latest figures from DHLGH show that 12,600 people are accessing emergency accommodation, including 3765 children.<sup>27</sup>

Families are remaining in emergency accommodation for longer periods due to a shortage of rental properties and new build social homes. While the availability and affordability of private rental properties are fundamental and urgent concerns for individuals in homelessness, the new strategy must take steps to strengthening regulations and processes to ensure that accommodation in the private rented sector is adequate in line with health and safety standards. Inspection processes should be strengthened, especially for HAP tenants in private rented accommodation.

Increased funding for the RTB should be provided to ensure that inspections of private rental properties can be carried out effectively. The vast majority (88.9 per cent) of dwellings inspected in Ireland in 2020 as reported by the [National Oversight and Audit Commission](#) were found to be not fully compliant with the required standards. Further, of the 17,594 properties inspected in 2021, only 7,400 were deemed to be compliant by the end of the year, including those that were originally in compliance.

Threshold (2019) set out two possible models of how to establish a test for rental property based on the National Car Test (NCT). One model would require landlords to have the property inspected by a private professional who would issue a certificate when the required minimum standards are met. The landlord would submit this to the RTB when registering the property and it would be available online for prospective tenants to check. The certificate would last for four years.

The second model is based on local authority inspectors being overseen by a national body to ensure consistency of standards. In this model, the local authority inspector would issue the certificate when the standards are met, and this would also be made available online via the RTB. If the standards are not met initially, the inspector would engage with the landlord to bring the property up to standard. If the 25 per cent inspection rate target were achieved, then almost all properties would be inspected within four years. This would involve a phased introduction of a requirement to have a certificate. The model using private professionals could also be introduced on a phased basis.

While it is a feature of the HAP scheme that properties are inspected, and payment is only made for properties that meet minimum standards, recent reports show that this is often not followed in practice. According to a joint report [Warm Housing for All?](#) by Threshold and St Vincent de Paul (SVP) the inspections often take place later than the specified eight months after the tenancy has commenced and when landlords are instructed to carry out works by the local authority, the work often goes undone and the local authority do not follow up. Increased resourcing for local authorities is needed to effectively carry out HAP inspections to ensure rental accommodation is meeting adequate standards.

## Overcrowding

Renters are more likely to experience poverty and deprivation than owner occupiers. Census data shows that in terms of tenure status, the consistent poverty rate for those living in owner-occupied dwellings was 2.2% compared with 12.9% for those living in rented or rent-free accommodation. The homes of lower income households, and those most at risk of energy poverty should be prioritised for retrofitting and many of these are homes owned by smaller landlords.

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<sup>27</sup> [gov.ie](http://gov.ie) - Homeless Report - June 2023 ([www.gov.ie](http://www.gov.ie))

The rate of overcrowding in properties rented at market rate in Ireland was 11.7 per cent in 2021 and while this was the fourth lowest rate in the EU, it is much higher than the rate of overcrowding for owner-occupied properties at 1.3 per cent. Families that lose their homes very often ‘double up’ with family or friends for a period of months before registering as homeless and seeking emergency accommodation.<sup>28</sup>

In recent years, with increased pressure on emergency accommodation, it has become the explicit policy of local authorities to encourage individuals and families to remain in such, often overcrowded, circumstances, with the offer of emergency accommodation being only a ‘last resort’. The need for revised and strengthened legislation on overcrowding is widely acknowledged.

A spokesperson for the Department of Housing, Local Government and Heritage stated in December 2020 that the Department was working on proposed legislative changes by way of a Residential Tenancies Bill.

This legislation would give local authorities the power to enter properties to check for overcrowding and to ‘quickly deal with any serious threat to life or to health and well-being’ because of overcrowding. The Residential Tenancies Act was amended in 2021 but did not address overcrowding. The [Overcrowding Housing Bill](#) was published in 2018 and it has been at committee stage since September 2020.

## **Retrofitting Private Rented Accommodation**

Wider climate goals are interlinked with the quality and standard of rental accommodation. In the Climate Action Plan 2023, Government have set out its ambition to retrofit 120,000 dwellings to BER B2 by 2025 with this increasing to 500,000 dwellings by 2030. The plan recognises that improving the energy efficiency of private rented accommodation will pose more challenges than retrofitting owner-occupied homes. SEAI highlighted<sup>23</sup> that there are capability barriers, opportunity barriers and motivational barriers that need to be further addressed in retrofitting homes. While the plan proposes to address standards by introducing a minimum BER rating requirement for all private rental properties where feasible from 2025, the impact of this change on smaller landlords should be considered.

While SEAI grant support will continue to be made available to help landlords to retrofit their properties as well as the planned low-cost loan scheme for retrofit, these proposals do not reflect the realities of the current rental market. The number of evict-to-sell NoTs confirms recent research from the RTB that found that 1 in 4 small landlords say they plan on selling their property in the next five years. These findings do not indicate a sector ready to respond to ‘low-cost loans’. The prospect of a minimum BER rating applied to private rented accommodation without an appropriate level of support to small landlords, would likely result in more landlord departures and rising homelessness, rather than warmer homes or secure housing.

The low-cost residential retrofit loans proposed for landlords should be replaced with a grant system that covers majority costs in exchange for increased tenure security for tenants from eviction. This would improve the value of the property for landlords, provide more secure and more affordable

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<sup>28</sup> Long, A.E., Sheridan, S., Gambi, L. and Hoey, D., 2019. Family homelessness in Dublin: causes, housing histories, and finding a home. *Focus Ireland*.

homes for tenants, improve longevity in rental income for landlords, and help support the achievement of the Government's climate change targets set out in the Climate Action Plan 2023.

Focus Ireland and the Chartered Accountants of Ireland (CAI) undertook a joint paper,<sup>29</sup> based on accountants' experience in working with landlords, with a view to forming solutions to prevent further exits of landlords from the private rental market. The paper outlines several detailed tax proposals, aimed at incentivising landlords to remain in the private rental market as key providers of housing in the medium term while simultaneously increasing security of tenure for renters.

Such measures include increasing the wear and tear rates for landlords to 25 per cent per annum to improve standards where renovations do not result in the termination of an existing tenancy under Section 34 and the property remains in the private rental market for the following five years, and providing 100 per cent capital allowance for retrofitting costs for landlords to improve energy ratings, where renovations do not result in the termination of an existing tenancy under Section 34 and property remain in the private rental market 5 years.

It must be noted that such retrofitting schemes targeting private rental accommodation would also need to ensure that work could be carried out on a property without a tenant needing to vacate to avoid a 'renoviction'<sup>30</sup> and potentially become at risk of homelessness. In recent years, Focus Ireland have been made aware of tenants having been evicted due to landlords carrying out renovations.

### **Recommendations:**

- Update [2019 Standards for Rented Houses](#) to include a standalone provision regarding mould. Accordingly, provisions should be made in line with the age and structure of the dwelling.
- Update [2019 Standards for Rented Houses](#) regarding fire safety regulations and expand to enhance health and safety for tenants.
- The low-cost residential retrofit loans proposed for landlords under the National Retrofit Plan, should be replaced with a grant system that covers majority costs in exchange for increased tenure security to protect tenants from eviction and homelessness.
- Where a household presents as homeless to a Local Authority, the local authority should be required to assess whether the housing alternatives available to the household would involve overcrowding and to take this into account when deciding whether to offer emergency accommodation.
- Progress [Overcrowded Housing Bill 2018 – No. 11 of 2018 – Houses of the Oireachtas](#)
- Increase funding for Local Authorities to strengthen inspections and compliance in standards on HAP properties.
- Increase funding for RTB to strengthen inspections and compliance on private rental properties, in line with the 25% target in Housing for All.
- Provide 100% capital allowance for retrofitting costs for landlords to improve energy ratings where renovations do not result in the termination of an existing tenancy under Section 34 and the property remain in the private rental market 5 years (more detail in next Section).

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<sup>29</sup> [Proposals to Increase Retention of Small-scale Landlords in the Residential Market \(charteredaccountants.ie\)](#)

<sup>30</sup> [Surge in 'renovictions' reported in rent pressure zones](#)



## **5. Supply and Investment, Institutional Investment, Subsidising Investors and Student Housing**

### **Regulation, Legislation and Security**

Over the last three years, there has been repeated and complicated legislative changes to the operation of the private rented sector. While many of the changes have been well-meaning, often by introducing changes in a hurried and ad hoc manner, this has had the negative impact of aggravating landlords while doing little to provide additional security for tenants in the long-term. Examples of these changes have included various extensions in the notice periods for private rental accommodation and the legislation introduced on tenancies of limited duration.

Public policy goals were expressed as achieving the difficult balance of increasing security for tenants, while creating an attractive investment climate for landlords. However, the primary insecurity for tenants arises from the Section 34 provisions which allow a landlord to terminate an existing tenancy. Government has decided not to address this concern and attempts to compensate for this decision by a plethora of measures of marginal significance have had the unintended consequences of worsening rather than improving the situation. For example, while extended notice periods would be a very positive measure in a functioning market, they make only marginal difference where tenants cannot find alternative accommodation due to lack of supply/price of rents. This is particularly impacting those on lower incomes and tenants who are dependent on HAP/Rent Supplement supports and cannot access higher rent rates to compete with market rates.

In particular, while ending the 'break clause' in tenancies would be a progressive move giving a greater sense of security in a normal market, in current circumstances it has caused a very considerable upset among landlords and is frequently cited as the reason that landlords are selling up – and evicting tenants to do so. On the other hand, it has never been identified as a significant cause of homelessness.

The new private rental strategy needs to finally provide actual rather than perceived security for tenants. This requires certainty about future policy and clarity about processes. An explicit policy objective of the new private rental strategy should be increasing the number of tenancies that cannot be ended due to 'no fault' reasons. A variety of taxation and non-taxation measures need to be urgently deployed by Government to achieve this.

### **Changes to taxation**

The exit of smaller landlords from the private rented sector remains an immediate concern, leading to a pronounced shortfall in the number of rental properties available. This means that while homelessness is rising, exits from homelessness are being halted. People are now spending longer periods of time in emergency accommodation due to acute shortages not only in social housing but private rental market properties. The scale of the homelessness directly arising from landlords evicting their tenants to sell their properties led Focus Ireland almost a decade ago to call for a change in legislation to end this practice. As Government proved unwilling to do this, we subsequently called for a temporary ban on this practice until there is adequate housing supply. The Government's sudden and unpredictable introduction and then lifting of the eviction ban in October 2022 has created a situation where a planned and coherent moratorium on evict-to-sell practices is no longer possible.

Nevertheless, we remain convinced that some response is needed to this problem and that is not sufficient to treat the departure of landlords, along with the eviction of their tenants, as inevitable.

Focus Ireland believe that taxation policy can contribute in a meaningful way to resolving the short- to medium-term challenge of keeping small-scale private landlords in the market. With this objective in mind, it is important to minimise the extent to which any proposed changes to the tax treatment of landlords benefits those who had no intention of leaving the market in the first place.

Instead, the focus should be on measures that will be most impactful for landlords who currently plan to sell. It is crucial that any incentives introduced for landlords are conditional on providing improved affordability and security for tenants. This balance can be supported by tax incentives and by linking new incentives to landlords who provide appropriate security of tenure for tenants. These incentives will also provide smaller landlords with stability and certainty in the rental market for longer periods of time.

Families being evicted from private rental tenancies, primarily due to landlords leaving the market, is the single largest cause of family homelessness,<sup>31</sup> but its root causes lie in a more general shortage of social and cost rental housing. Delivery of this aspect of the current Housing strategy and policy direction should be accelerated. However, the current pattern of large numbers of small landlords leaving the market creates a short- to medium-term problem (approximately four to six years, if Government housing targets can be met and housing need assessments are correct). There will always be landlords who decide to sell up for reasons of retirement, health, etc). But the fact that restructuring of the private rental market through large scale departure of private landlords is taking place now, rather than in, say, five years, presents very real challenges which must be urgently addressed by the new private rental strategy.

The displacement of renting families through eviction and their replacement by new owner—occupiers is not a ‘zero sum game’, but rather involves enormous costs to individuals and families and to state services. The tenants who are displaced by this process are more likely to be (but not exclusively) ‘vulnerable’ and on lower incomes than the households who purchase the properties. The displaced households are more likely to require support from public funds after eviction, while the purchasers are unlikely to be relying on homeless accommodation prior to purchasing. The experience of relying on emergency homeless accommodation for many families and individuals will have life-long negative consequences on health, education and labour market participation.

Any responses to this must focus on addressing and minimising the trauma caused to individuals and families as a result of losing their homes. Urgent policy responses are required in the private rental market which should be targeted at landlords who are considering evicting their tenants to sell over the next six years, convincing them it is in their interest to stay, or not to evict when they are selling.

In February, Focus Ireland and Chartered Accountants Ireland, put forward a range of proposals on taxation measures that should be considered to encourage small-scale private landlords to remain in the rental market. The proposals outlined in the report would provide tangible incentives for smaller landlords in a similar way to other small business holders, with a view to smaller landlords remaining in the private rental market as key providers of housing for the medium-term. This full paper and

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<sup>31</sup> [Long, A.E., Sheridan, S., Gambi, L. and Hoey, D., 2019. Family homelessness in Dublin: causes, housing histories, and finding a home.](#)

estimated costs for each proposal can be read in full [here](#), and include the below key recommendations.

### Recommendations:

- **Local property tax-** LPT should be allowed as a deduction against rental income.
- **Align allowable rental expenses with normal trading deductions-** this would include a deduction for expenses that are revenue in nature and incurred wholly and exclusively for the purposes of the rental business, as well as allowing landlords to offset accrued rental losses against other income.
- **Increase Wear and Tear rates-** The wear and tear rates for fixtures and fittings should be increased from 12.5 percent to 25 percent per annum to facilitate landlords investing in the maintenance of properties. This will encourage better standards in rental properties where the renovations do not result in the termination of an existing tenancy under section 34 and the property remains in the private rental market for the following five years.
- **100 Percent Capital Allowances for Retrofitting costs-** Where landlords retrofit a property to improve its energy rating, 100 percent capital allowances should be offered in the year of work where the renovations do not result in the termination of an existing tenancy under section 34 and the property remains in the private rental market for the following five years.
- **Bring parity to taxation of corporate and individual landlords if additional security is provided to tenants-** The Government could introduce a flat rate of 25 percent on Case V income for small landlords who opted to become ‘professional landlords’ by waiving their rights under section 34 of the Residential Tenancy Act (2014), giving additional security to their tenants. While corporate and small landlords operate under the same legislation, from the perspective of the tenant, one of the key benefits of renting from a corporate landlord is that they will not exercise section 34 (the rights to move into the property or evict to sell). These limitations were introduced to protect the ‘amateur landlord’ and eliminating these exemptions to the tenancy agreement should entitle the landlord to the same taxation regime as corporate landlords.
- **Succession reliefs-** Professional landlords should be given access to succession reliefs, such as CGT retirement relief available to other business owners, in an effort to improve the long-term investment proposition of the residential rental accommodation.

### RTB capacity and funding

In addition to taxation measures, issues with the processes associated with renting out a property needs to be urgently addressed. In recent years, the Government have introduced a large number of well-intentioned amendments to tenancy legislation but has not responded to repeated calls by the RTB for a simplified consolidation of legislation. For some, there is a belief that there is an ‘over-regulation’ of the rental market, however, Focus Ireland would argue that the regulatory unfairness that many landlords complain about – and which fuels their decision to sell-up – most often arises from needless complexity and provides no additional protection to the tenant. Given the constraints in the legislative drafting process, this cannot be resolved immediately, but the Government should send a clear message that will prioritise simplifying tenancy legislation, without reducing the rights of tenants, but removing unnecessary hassle and regulation.

Focus Ireland acknowledges that increased funding has been allocated to the RTB along with new responsibilities, but the range of functions has increased at an even faster rate. Long delays and other problems arising from capacity issues often contribute to the decision of landlords to evict-and-sell as the fastest mechanism to resolve disputes. At this point, new functions should only be added to the RTB role where they directly relate to tackling the homeless and housing crisis, and the RTB should be allocated sufficient funding to tackle capacity constraints.

The RTB has had to double the number of contract staff in 2023 to contend with the volume of landlords contacting the agency. The RTB also took the decision to suspend its webchat function in August 2022 because it could not deal with the volume or complexity of the queries it was receiving. Tenants facing immediate illegal eviction has struggled to contact RTB staff for urgently needed advice. There has also been many issues with the new registration system introduced in April 2022.

All of these capacity issues cause headaches and bad-will amongst landlords. Additional funding should be accompanied alongside a clear commitment to short timelines for hearing and resolving disputes.

In addition to the work of Focus Ireland in working with people who are homeless or at risk of being homeless, Focus Housing Association is a landlord with over 1,200 tenancies, predominantly of people who have experienced homelessness. While these homes are not covered under the remit of this review, since tenancies in AHBs are under the same legal framework as those in the private rental sector, this gives us some insight into the challenges faced by private landlords under this legislation. This experience leads us to conclude that, while large numbers of entirely compliant tenants face insecurities under the Section 34 provisions, landlords can experience very serious problems and unreasonable delays when dealing with the behaviour of a very small minority of disruptive or tenants involved in criminality.

These situations – rare though they are – can result in significant costs to landlords and considerable harm to neighbours. Landlords, including AHBs, face a double jeopardy in dealing with such situations where they can be brought to the RTB by the tenants for moving too rapidly and brought to the RTB by neighbours for not moving swiftly enough. There is not consistency or certainty about how the RTB responds to these claims, to some extent reflecting weakness in the legislation but also reflecting weaknesses in RTB processes.

While these cases represent real challenges to an organisation such as Focus Housing Association, they are potentially catastrophic to small landlords. While such cases are very rare, their existence contributes to disproportionate anxiety among landlords and potential investors, as well as reluctance to take on what might be seen as ‘risky’ tenants. In parallel with measures to increase security for compliant tenants, reform is needed to allow swifter action to tackle the small number of tenants who can cause damage to properties and to the lives of neighbours.

## **Increase supply by transitioning short-term lets into long-term housing**

As well as increased capacity and resources for the current functions of the RTB, Focus Ireland believes it is crucial that the new rental strategy sets out the future functions of the RTB and required capacity to deliver these functions. We believe that this must include the impact of the regulation of short-term lets.

In February, Focus Ireland made a submission on the Short-Term Tourist Letting Act 2022.<sup>32</sup> As argued in our submission, if estimates are correct that 12,000 properties could be brought into the long-term rental market through measures contained in the Short-Term Tourist Letting Act 2022, it is critical that reform is urgently prioritised by Government (when the Act is able to proceed to next stages in December) to not just bring these properties into the rental market but that efforts are focused on keeping these properties and potential new landlords in the private rental market.

It should not be presumed that these identified 12,000 homes will be smoothly and automatically transition into long-term rental options without the correct supports in place. Given the current negative coverage about the rewards from being a landlord, there is a risk that some property owners may decide to sell their property in response to the new regulation. Given the scale of the problems in the private rental sector, every effort should be made to reduce the extent of this. In this regard, the proposals on resourcing Fáilte Ireland to regulate and monitor the new registration database including the undertaking of property inspections is welcomed.

At the same time, it is critical that the RTB is resourced to efficiently contend with potentially 12,000 new landlords entering the market, many with no previous experience of operating in the long-term rental market. The obligations and responsibilities of a landlord is considerably different to a person letting out a property as a holiday rental. To bridge this knowledge and resource gap, a programme of once-off supports and training should be developed before the end of 2023 by the Department of Housing, along with cross-departmental and interagency cooperation between the Department of Tourism, Culture, Arts, Sport and Media, Fáilte Ireland and the RTB to ensure that owners are supported and incentivised to comply with regulations as they transition their properties into the long-term rental market.

## 6. International Examples

### Tax Incentives and Market Security & Stability

Focus Ireland, in our paper with Chartered Accountants Ireland,<sup>33</sup> previously called for measures aimed at stabilising the residential rental market for both landlords and tenants, as discussed above.

There is international precedence for deployment of tax incentives to provide stability within the residential rental market, as well as to ensure the temporary mobilisation of social and affordable housing from the market while awaiting the delivery of social and cost-rental housing. To achieve the desired goal, such incentives must be conditional upon stability and security as the delivery of social and affordable housing is increased.

### Barcelona

In Barcelona, under the Right to Housing Plan 2016-2025, measures introduced to temporarily increase the affordable housing stock by way of the residential rental market included the use of renovation subsidies and discounts on local property taxes in exchange for longer rental contracts and affordable rental cost.<sup>34</sup> This provided to increase stock, and ensured that stock was of a high, ecologically efficient standard. The introduction of this policy has achieved the desired effect, with the temporary

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<sup>32</sup> [Focus Ireland \(2023\) Submission to the Joint Oireachtas Committee on Tourism, Culture, Arts, Sport and Media.](#)

<sup>33</sup> <https://www.focusireland.ie/wp-content/uploads/2023/02/Proposals-to-Increase-Retention-of-Small-scale-Landlords-in-the-Residential-Market.pdf>

<sup>34</sup> [Pla pel Dret a l'Habitatge | Ajuntament de Barcelona](#)

mobilisation of residential rental market units comprising 13% of new affordable housing under the plan.<sup>35</sup>

## Portugal

In Portugal, similar measures were utilised to address residential rental market stability. The use of tax incentives for landlords to encourage continued presence in the residential rental market was deployed in Portugal following the introduction of rent control measures in 2021. ‘Extraordinary rent support tax benefit’ established a tax coefficient which provided for reductions in tax on rental income of between 9% and 30%, which hinged upon on the property remaining in the market for a fixed period of between 2 and 20 years.<sup>36</sup>

## Role of Social Housing in Shaping the Residential Rental Market

As noted by Housing Europe, social and affordable housing can have a residential rental market shaping role.<sup>37</sup> A ‘dampening’ effect on rental cost, akin to the effect of RPZs discussed above, can be seen in locations where price controls are absent from the residential rental market, which is caused by the presence of social and affordable housing.

## Austria

In Austria, despite an increase in the cost of rent in the unregulated residential rental market nationally, the regional presence of Limited-Profit Housing Associations (LPHA)<sup>38</sup> has held back inflation on a localised basis.<sup>39</sup> A higher share of social housing leads to price dampening in the private sector, and a reduction in the difference between social and unregulated market rents. To achieve such a result in an Irish context, the composition of the total housing stock in each respective country must be considered.

In Austria, social housing stock including LPHA units comprises 23.4% of the total housing stock, rising as high as 43% in Vienna. In comparison, social housing stock including both LA and AHB owned properties comprises between approximately 8.6% - 10% of the total housing stock in Ireland.<sup>40</sup> Housing for All’s commitment to providing an additional 90,000 social housing units by the end of 2030 would make a significant contribution to addressing the social housing deficit and reducing pressure on rental cost in the private market, however while targets are important, they are meaningless if they are not delivered upon.

In 2022, there was a 17% shortfall as approximately 7,500 new build social homes were delivered from the 9,000-unit target. A commitment to achieve targets, which themselves must be revised to include those previously unmet, could facilitate the development of a realistic timeline towards the end of reliance upon subsidies in the private rental sector, as well as a timeline towards the end of reliance

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<sup>35</sup> [La Política de Vivienda de Barcelona \(coincide.nl\)](#)

<sup>36</sup> [Rent update and extraordinary rent support.docx \(cuatrecasas.com\)](#)

<sup>37</sup> [Delivering on Housing in Ireland | Housing Europe](#)

<sup>38</sup> “Limited-profit housing associations (LPHA), in German Gemeinnützige Bauvereinigungen or GBVs, are private companies that provide housing for large parts of society. Their business model is based on the principle of serving the common good rather than maximizing profits.” See [Summary of key findings - WIFO - Austrian Institute of Economic Research, March 2021](#). Full report available in German: [Ökonomische Wirkungen des gemeinnützigen Wohnbaus \(Economic Effects of Non-profit Housing\) \(wifo.ac.at\)](#)

<sup>39</sup> [Price-dampening effect of GBV \(wifo.ac.at\)](#)

<sup>40</sup> n37; [social-housing-policy-brief-2020.pdf \(oecd.org\)](#)

upon rent control measures. A functional, stable residential rental market relies upon the provision of social and affordable housing.

