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## Private Rented Sector in Urgent Need of Reform

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# Private rented sector in urgent need of attention

One in five of all Irish households rent from a private landlord, and in places like Galway, this number is closer to one in three. The doubling of numbers renting since 2006 has caught us unawares.

Unfortunately the sector has received scant attention over the years from government with home-ownership getting preferential treatment, despite high levels of home-ownership being inherently unhealthy for an economy (63 per cent is apparently the ideal home-ownership level). Now, for reasons mostly connected with economic booms and busts, the private rented sector finds itself under severe pressure to accommodate those who want to rent (a considerable number), and those who have no choice (ditto).

Ireland desperately needs more rental accommodation, but being a landlord is no longer an especially attractive job. There are increased taxations and standards to be taken into account, and many landlords are also living on a financial knife-edge, mostly of their own making.

According to many landlords, the Private Rented Tenancies Board (PRTB) is of dubious value, with very slow turnaround times for dealing with disputes, meaning it can take up to a year before having their case resolved. This may also be a year in which a tenant (illegally) stops paying rent while in dispute with the landlord. Significant cash reserves are essential.

Landlords bear some responsibility for the manner in which some tenants treat their properties. Through their influence over the Residential Tenancies Act 2004, landlords have denied tenants proper security of tenure. Consequently, some tenants regard their accommodation as very temporary, and treat it poorly.

It is increasingly difficult to source rental accommodation. As the population changes and ages, there are many more people now seeking family homes to rent, and these are in short supply. This affects affordability. The negative reaction to Minister of State Jan O'Sullivan's recent suggestion of rent control was interesting, especially as it is something we already have, albeit in a watered-down form.

Bank repossessions are also going to force even more people into an already squeezed market, as is the drop in local authority housing supply.

It is not uncommon for tenants to be asked not only for personal references, but also for bank statements and payslips. Whatever the morality, this is perfectly legal: there are nine grounds of discrimination, and poverty (or wealth) isn't one.

Security of tenure is a serious issue for current and prospective tenants. Many of the reasons for terminating a tenancy are spurious and are there to protect the landlord's interest far more than any tenant.

### **Amateur nature of sector**

It is ironic that serious property investors value having one, long-term tenant who pays rent on a secure lease, yet in the private rented sector the Residential Tenancies Act denies tenants decent security of tenure and in so doing also denies the landlords the chance to have such a proper investment. This, however, is symptomatic of the amateur nature of the sector here, and is also evidenced by the tens of thousands of landlords who have still not registered with the PRTB.

Talk to prospective tenants and their main gripe is the quality of accommodation on offer. Many landlords offer properties for rent that they would not live in themselves. In other EU countries this is mitigated by mandatory property inspections from the local authority. Not so here.

The private rented sector is very important for the wider economy. Many of the well-educated, tax-contributing workers who decide to come to Ireland to work choose to rent. As decent quality, suitable rental properties become harder (and more expensive) to source, they will choose to work elsewhere. Large companies are already worried at the impact a poor rental market has on their ability to attract and retain employees.

There are various ways to incentivise the development of more rental properties (which is not necessarily the same as increasing the number of landlords).

Tax rebates on refurbishments, faster dispute turnaround times in the PRTB, differential tax treatments for rental properties all help, but they need to be balanced by creating benefits for tenants such as increased security of tenure, and legally enforceable quality thresholds for size and facilities through higher inspection rates. It is also essential to get pension funds interested in the private rented sector.

Given the sizeable proportion of the population who now rent privately, it is a sector that needs addressing urgently in a housing policy.

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**“ Talk to prospective tenants and their main gripe is the quality of accommodation on offer by landlords**

