

# *The Private Rented Sector in the Republic of Ireland*

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Presentation at the *Bigger and Better: The Future of Private Renting  
in Northern Ireland* conference,  
Belfast 6<sup>th</sup> November, 2014

# Housing Policy Statement, 2011

- The centrepiece of the approach is to chart a way forward for housing policy in Ireland by placing greater emphasis on choice, *equity across housing tenures*, and delivering quality outcomes for the resources invested.
- Central to this statement is the policy objective of ensuring equity across housing tenures, in *particular ensuring that the private rented sector provides real security of tenure and high standards of accommodation.*



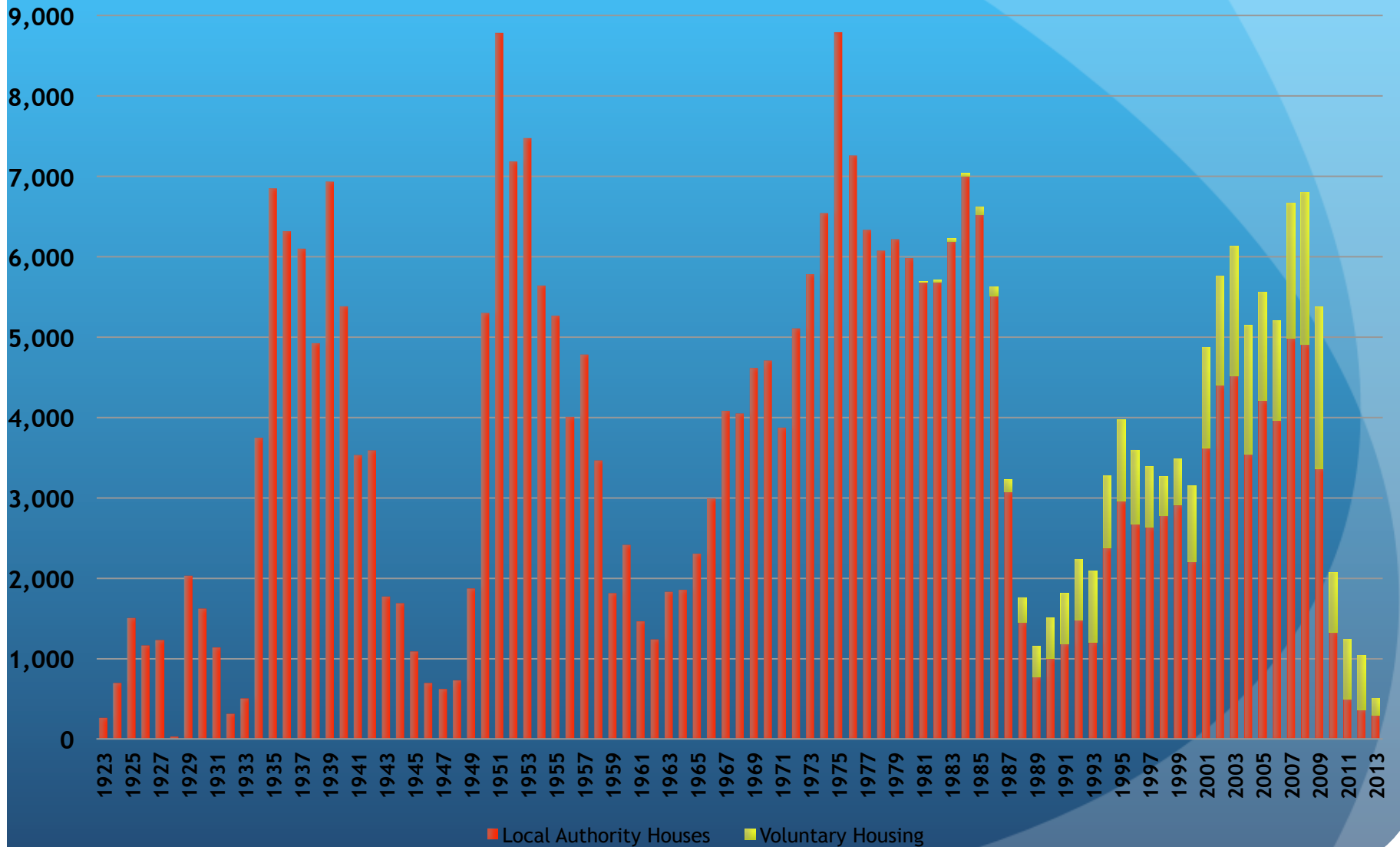
Doimníocht, Pobal agus Rialtas Áitiúil  
Environment, Community and Local Government

## Housing Policy Statement

16 June 2011



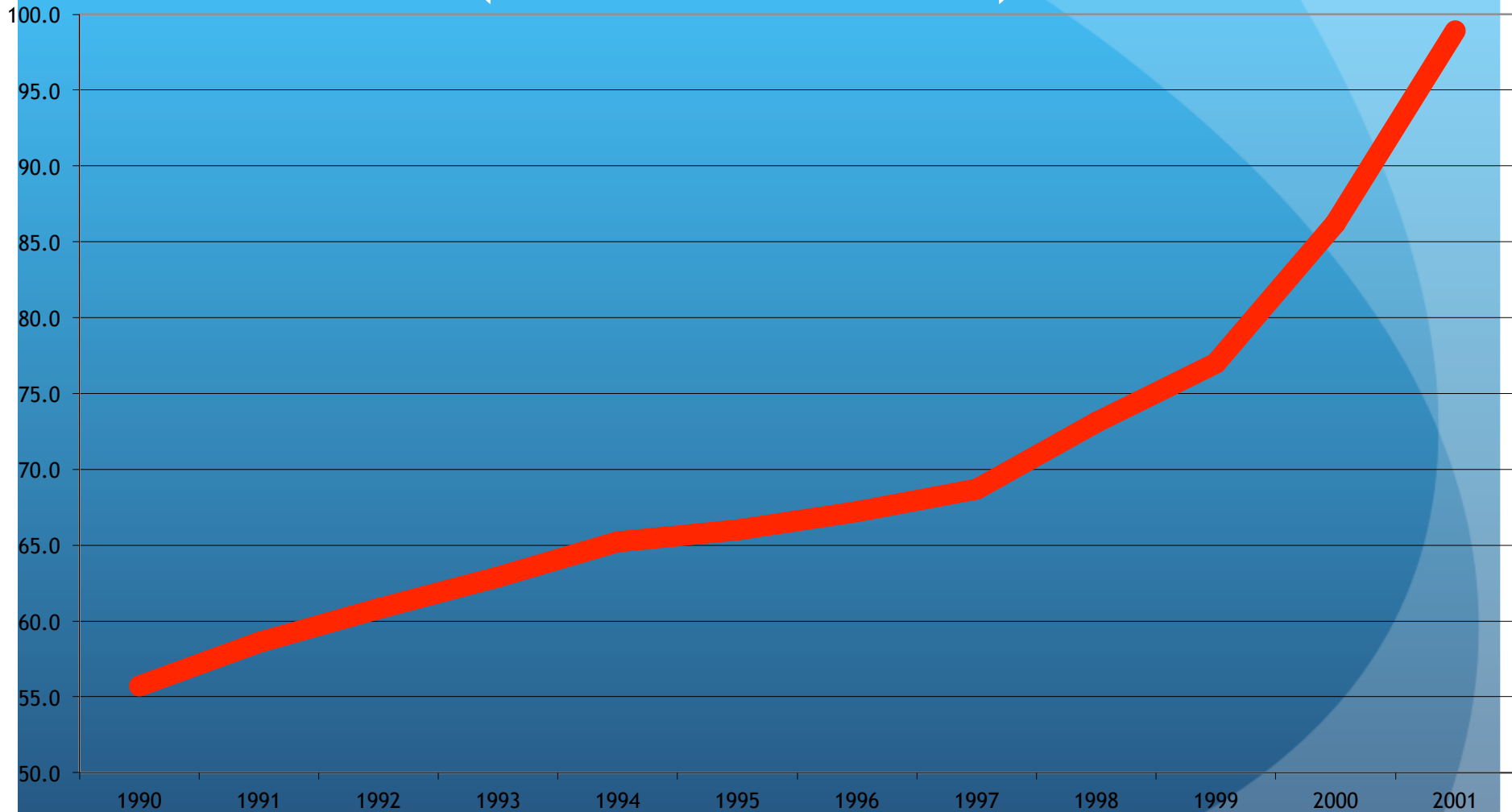
# Local Authority and Approved Housing Body Social Housing Completions, 1923-2013



# Commission on the Private Rented Residential Sector

- Set up June 1999
  - Rapidly rising rents and turbulence in sector
- Issues
  - Security of tenure
  - Rent certainty
  - Landlord and Tenant Code that balanced rights and responsibilities of Landlords and Tenants
  - Investment in the private residential sector

# Index for the Private Rented Residential Sector, September, 1990-September, 2001 (December 2001=100)



Source: Central Statistics Office.

September Rent

# Security of Tenure pre 2004

- *Periodic tenancies* - those who paid rent on a weekly or monthly basis and the tenancy continued until a notice to quit was served. S.16 of the *Housing Act, 1992* entitled periodic tenancies to a 28 notice period.
- *Fixed term tenancies* - usually with a lease duration of 12 months - tenancy ended when lease expired, with no requirement for either landlord or tenant to give notice to the other party.

# Commission Reported -July 2000

- Commission's overall vision
  - “ ... a vibrant , thriving, well managed and diverse sector which satisfactorily meets a range of housing needs, provides an adequate supply of secure, affordable, good quality accommodation and operates within a regulatory framework which protects the interests of tenants and landlords”.

# Commission recommended ...

- PRS... more of a primary objective of public policy
- Security of tenure
- *“In order to provide tenants with a greater measure of security in their occupation of their dwellings, it is proposed that all tenants, where the tenancy has lasted a minimum period of 6 continuous months, would, subject to specified conditions, be statutorily entitled to continue in occupation for a period of up to 4 years from the date of commencement of tenancy” (Commission, p.154).*
- *“investors will recognise this as a sea change and will see it as the thin end of the wedge with the prospect of further constraints not far over the horizon” (response from IPOA, p. 165).*



## Three “Reactionary” Theses - *Perversity, Futility, Jeopardy*

- *Perversity thesis* - the action undertaken in its name is ill-conceived; indeed, they will most typically argue that this action will produce, *via* a series of unintended consequences, the *exact contrary* of the objective that is being pursued.
- While the thesis of the perverse effect proclaims that the alleged progress will in fact lead to regress, the *futility thesis* asserts, to the contrary, that the attempt at change is abortive, that in one way or another any change is or was largely surface, facade, cosmetic.
- The *Jeopardy thesis* asserts that to move in a certain direction, though feasible and even desirable if viewed in isolation, carries with it unacceptable costs of one sort or another.

## Irish Property Owners Association (2003)

- *“It is our genuine concern that if the legislation is passed as published, it will damage the sector it seeks to support. Its emphasis on centralised, regulatory control will doom it to disaster if not addressed soon.”*

# Residential Tenancies Act, 2004

*Implemented most of the recommendations of the Commission*

- Created the Private Residential Tenancies Board (PRTB) Landlords have to register details of all their tenancies with the PRTB
- Rent may not be greater than the open market rate and may be reviewed (upward or downward) once a year only unless there has been a substantial change in the nature of the accommodation that warrants a review. Disputes about any aspect of rent may be referred to the PTRB.
- Security of tenure to be based on 4-year cycles from the date the Act comes into force (i.e. 1st September 2004).
- Disputes arising between landlords and tenants are referred to the PRTB instead of the courts.

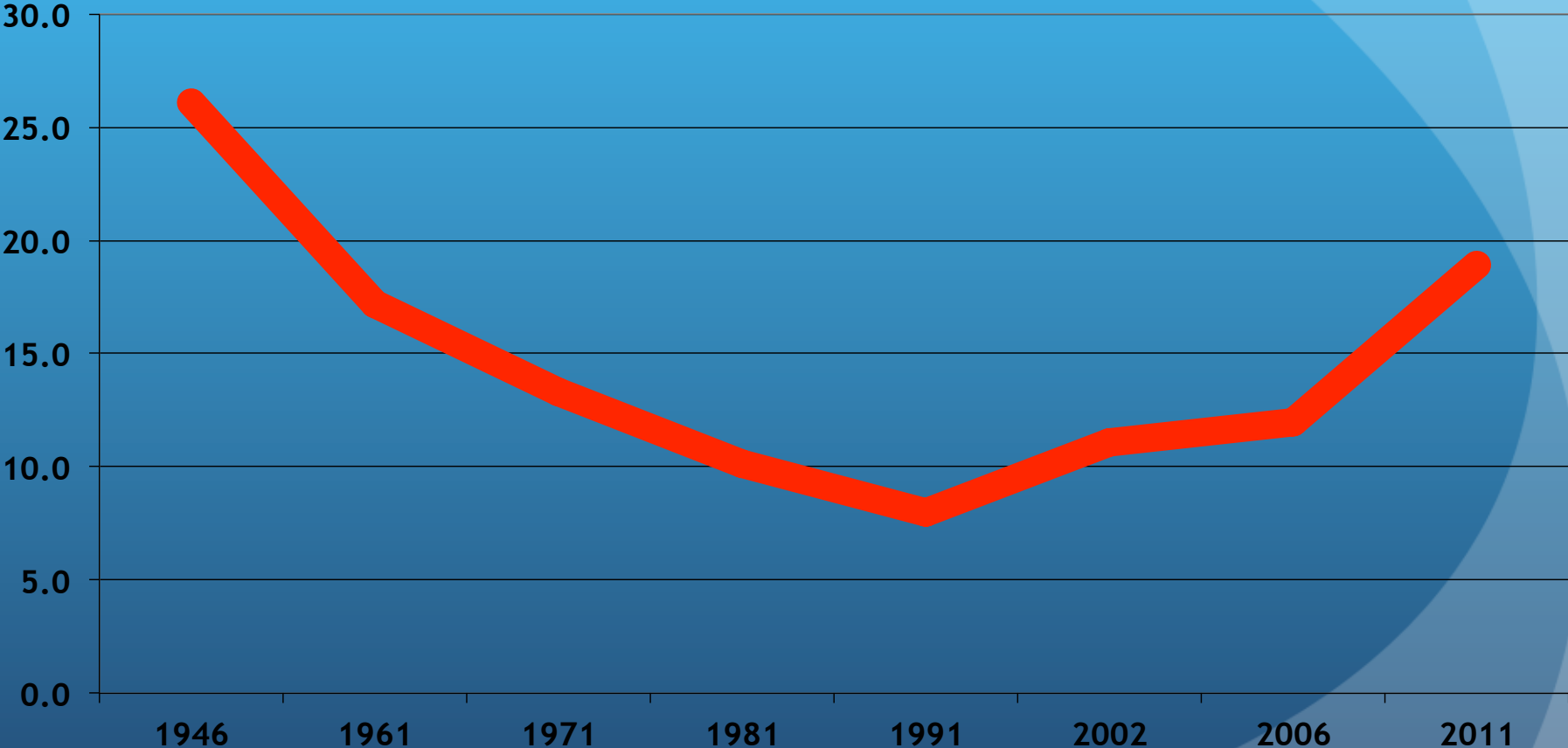
# Principal Functions of the PRTB

The Private Residential Tenancies Board (PRTB) is a statutory, self-financing body responsible for :

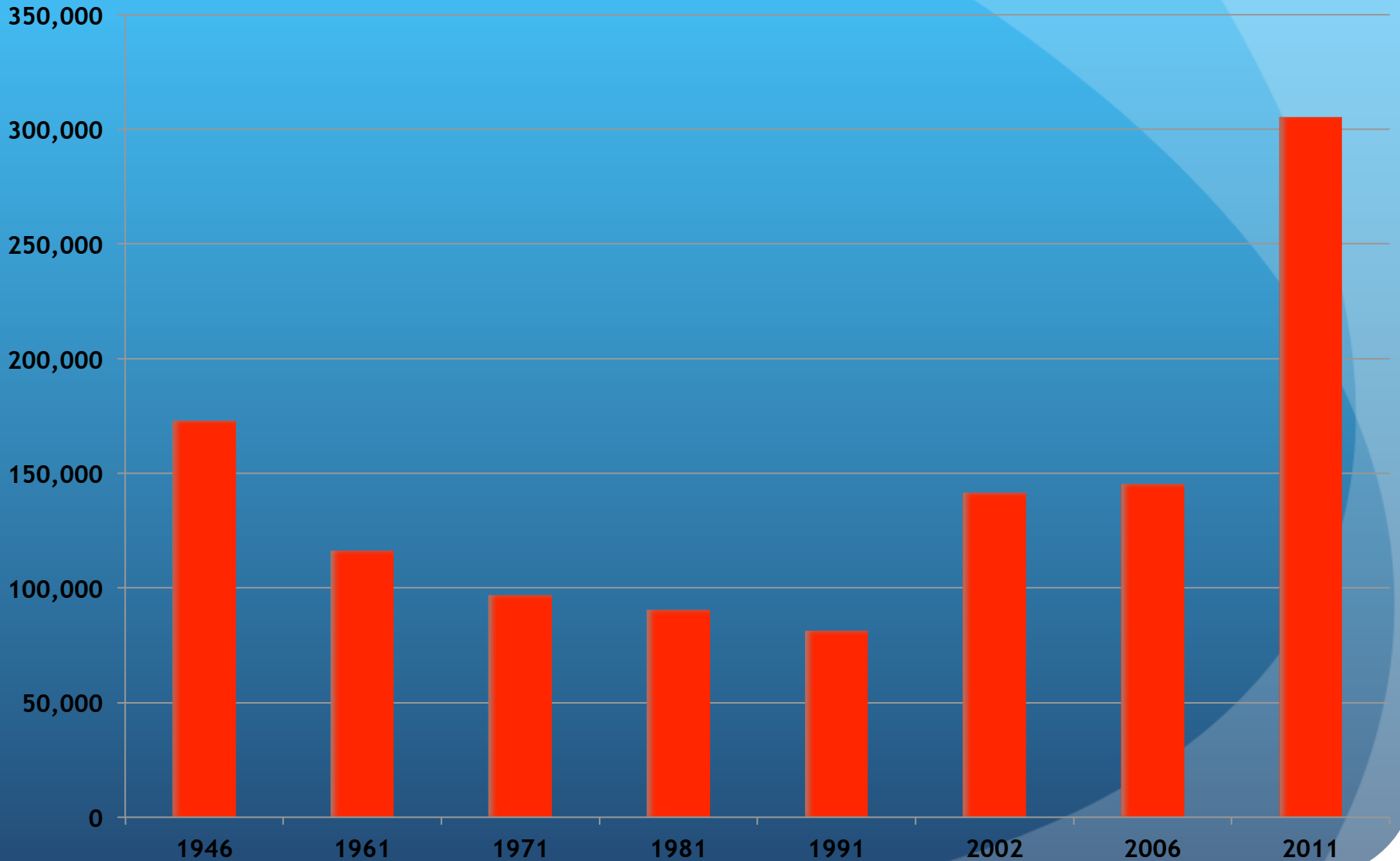
- maintaining a national register for all private residential tenancies;
- providing a dispute resolution service;
- Administration of the Rent Tribunal (rent-controlled dwellings); and
- the provision of information; carrying out of research and the provision of policy advice to the Minister regarding the private rented sector.

# The Private Rented Sector in Ireland, 1946-2011

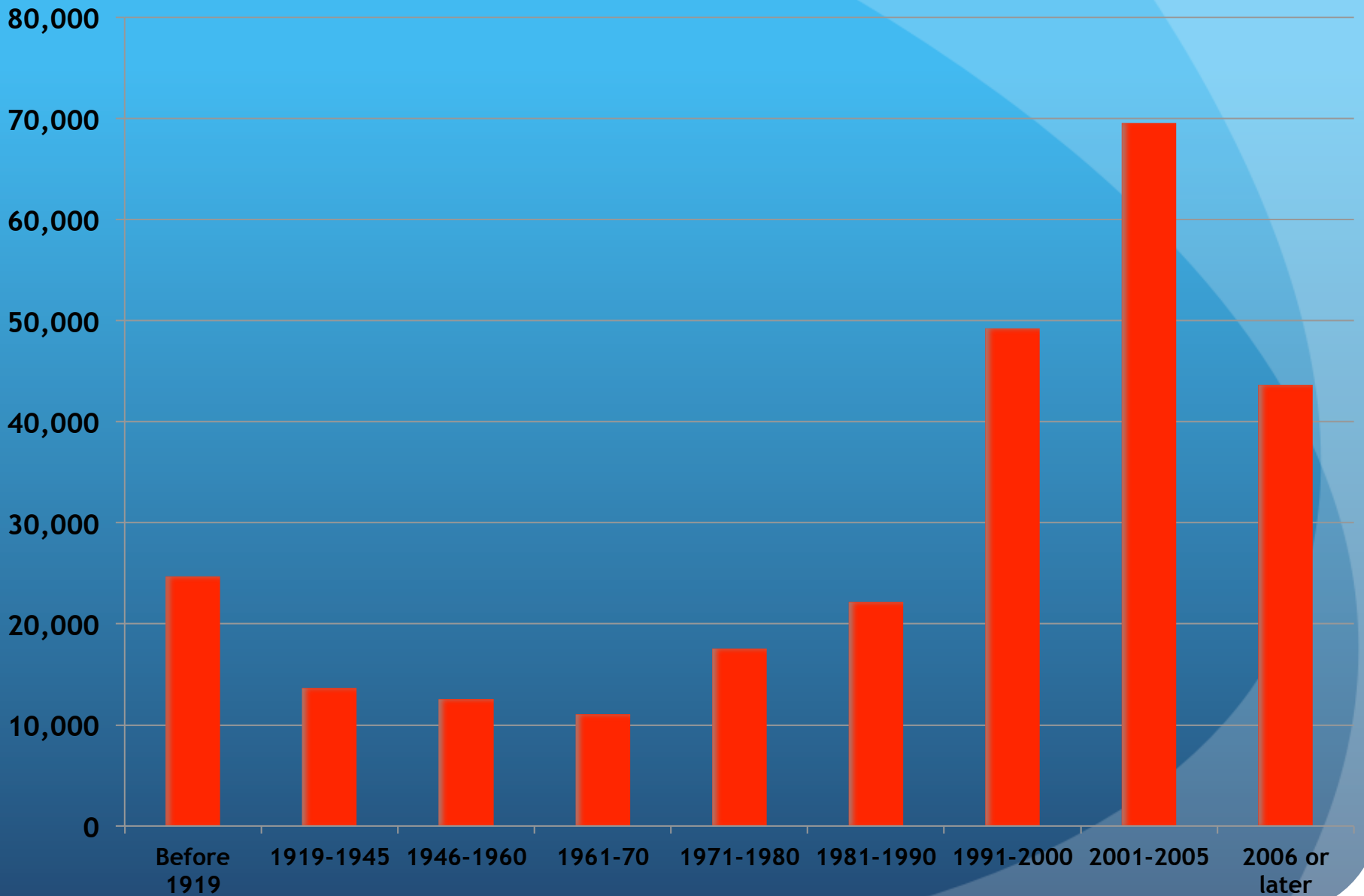
Private Rented as a Percentage of Total Housing Stock, 1946-2011



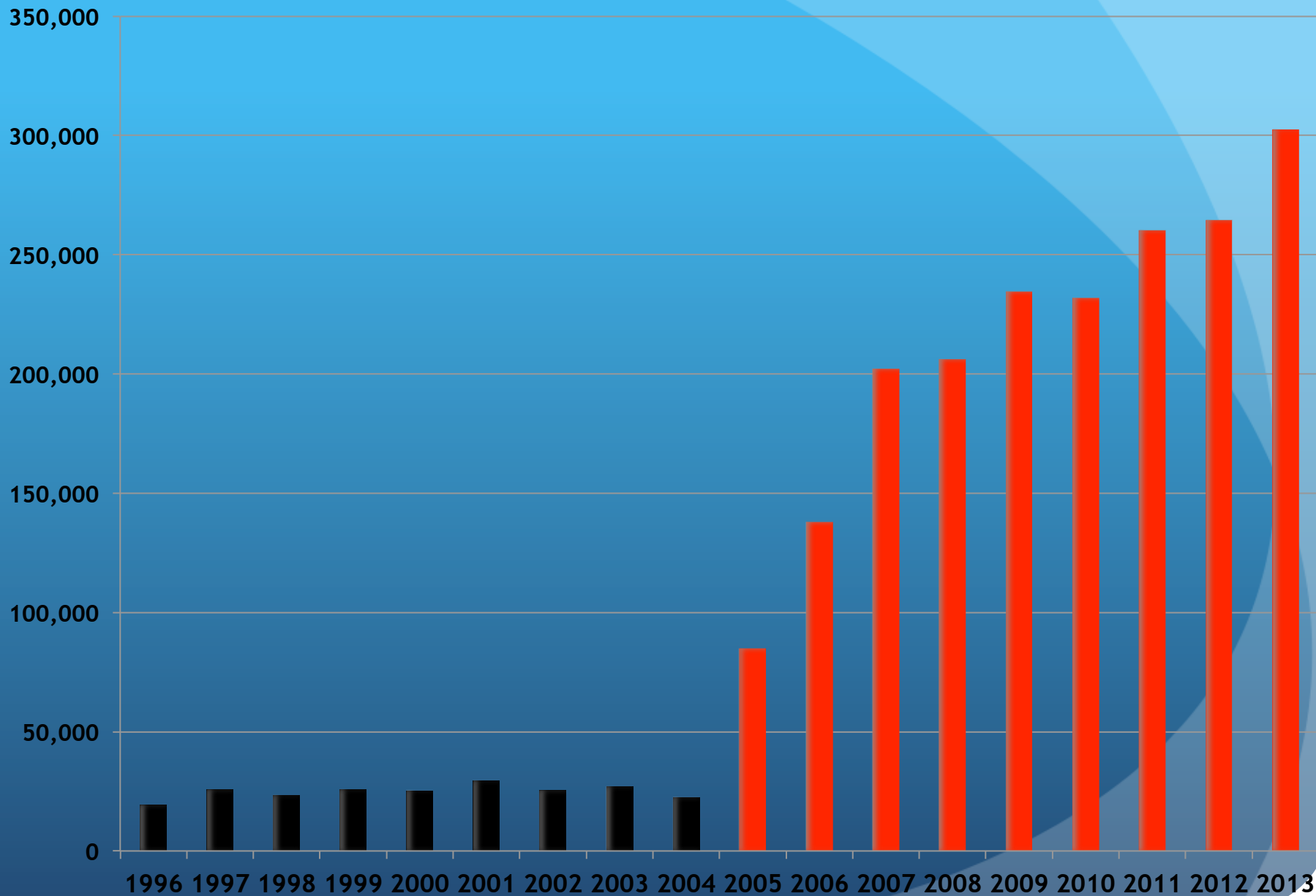
# Households in the Private Rented Housing, 1946-2011



# Private Rented Dwellings by Year Built

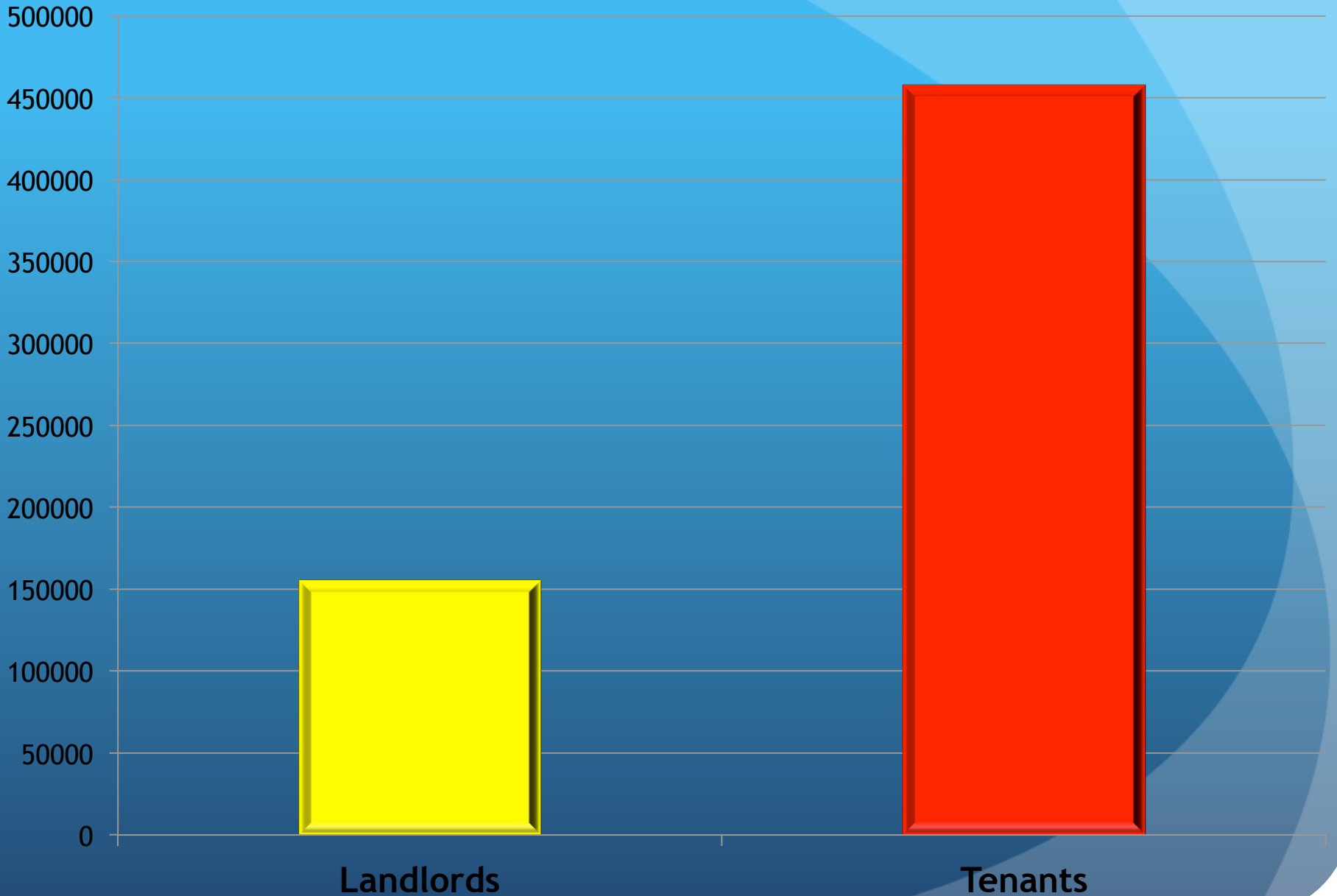


# Registered Private Rented Tenancies, 1996-2013





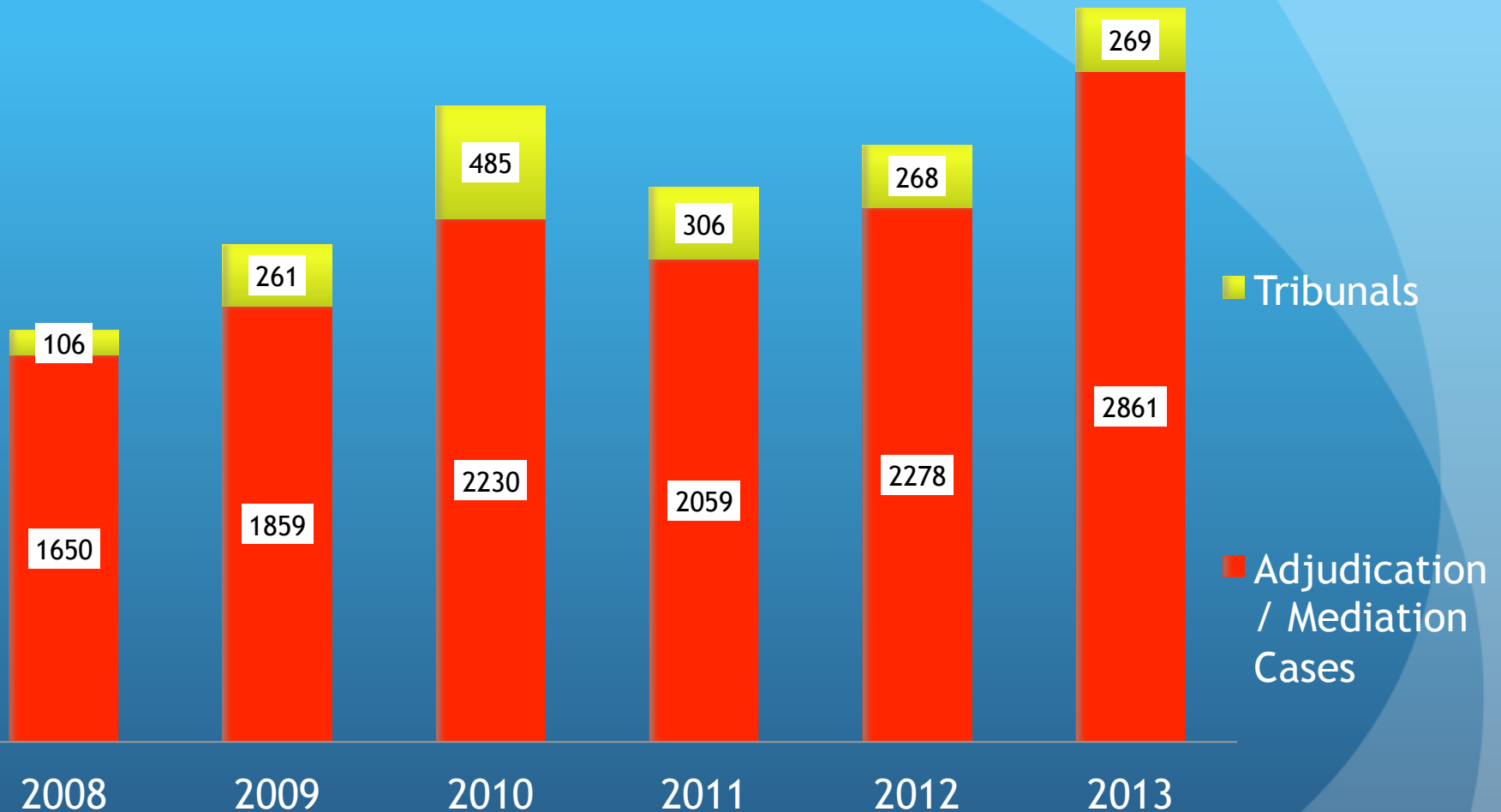
# Number of Landlords and Tenants, March 2014



# Reasons for Increase in Registration

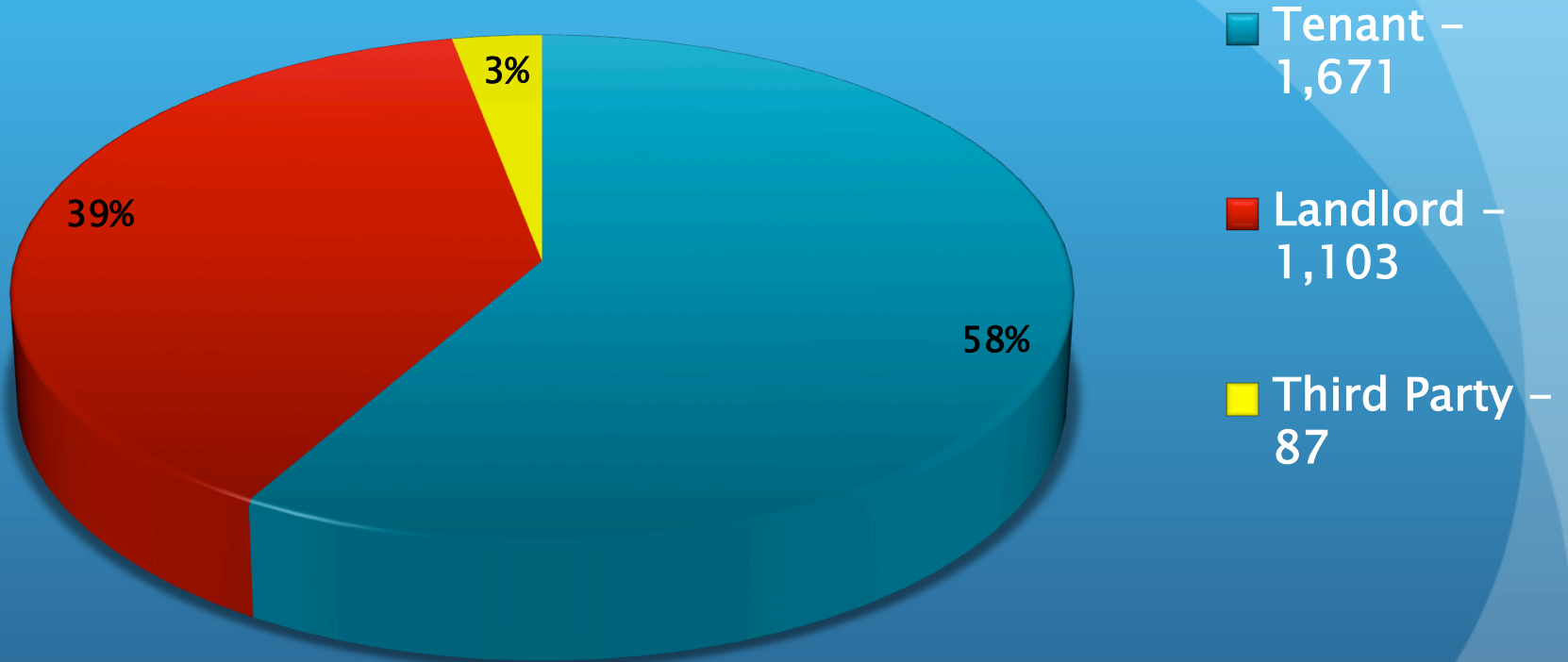
- No access to the dispute resolution services for Landlords unless the tenancy is registered.
- Changes in the Finance Act, 2006 that require registration to claim tax relief on private rented dwellings.
- Increased data sharing with the Department of Social Protection since 2008 - who administer rent supplement payments to 80,000+ tenants in the private rented sector.
- Online registration since November 2010
- Active campaign of enforcement against non-compliant landlords

# Applications for the PRTB Dispute Resolution Services, 2008-2013



The 2,861 New Applications in 2013 related to 5,291 different complaints or alleged breaches of the Act and the Tribunal appeal rate is currently at 15 per cent

# Cases by Applicant Party



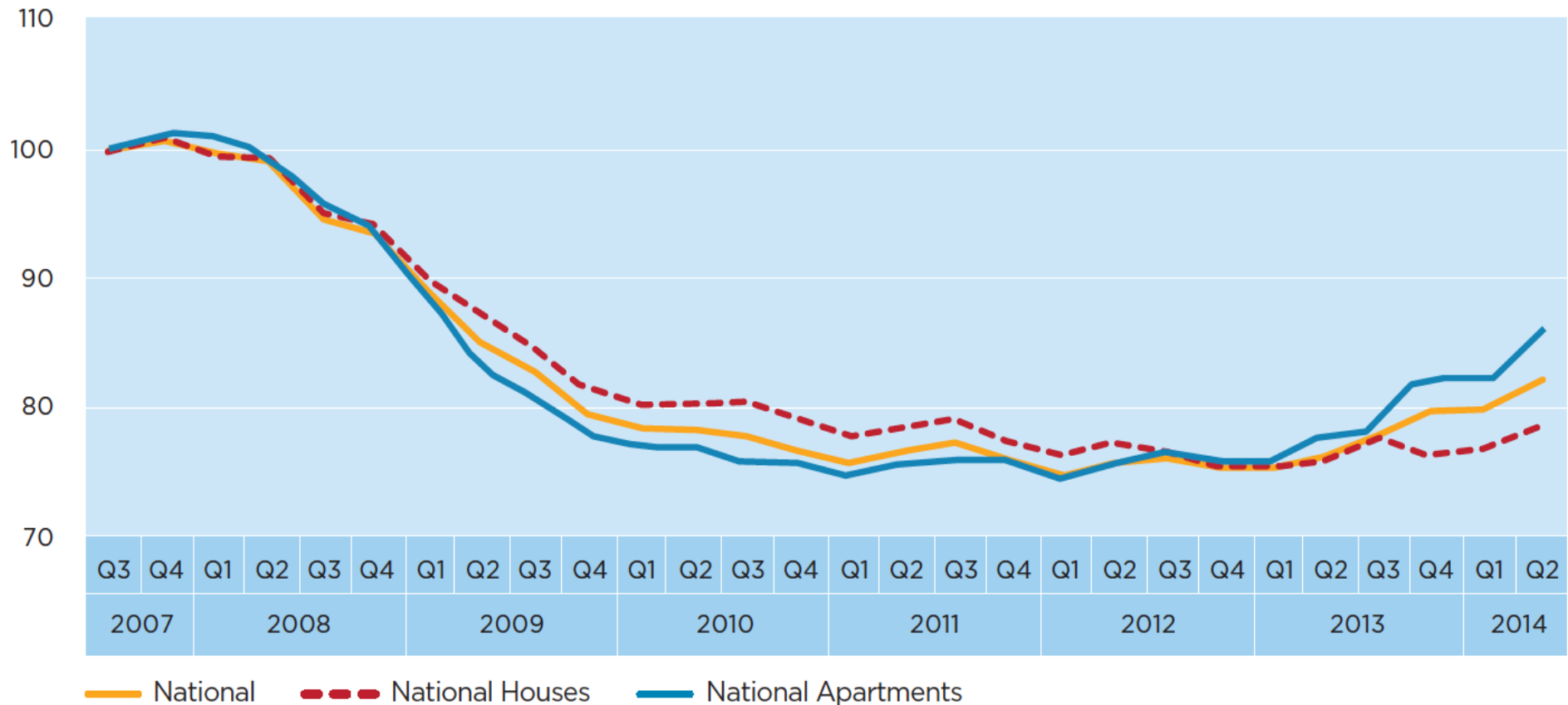
# Breakdown of Main Dispute Type, 2012 and 2013



# Advice to the Minister- Rent Index

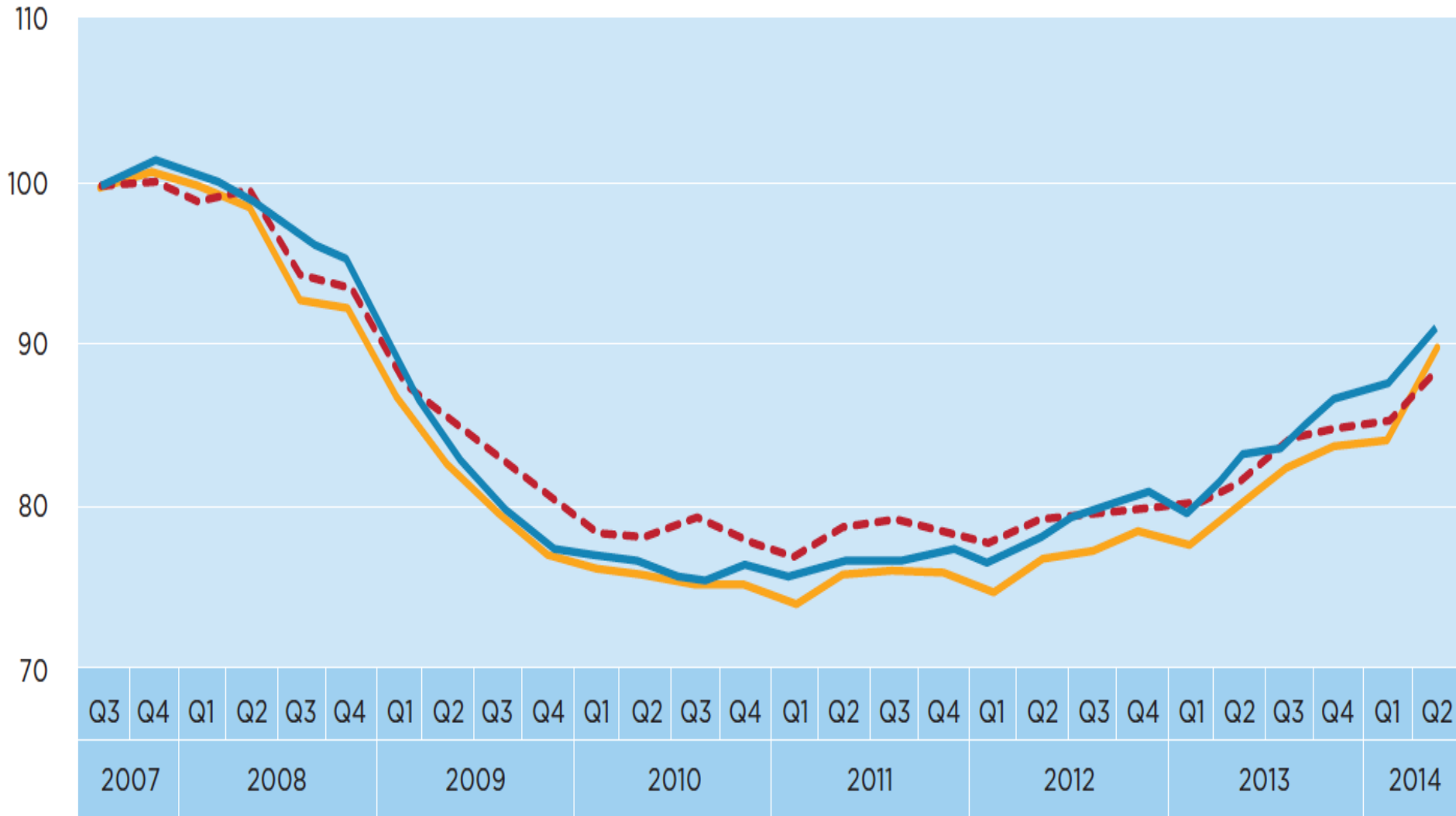
## The PRTB Rent Index - National

Q3 2007=100



# The PRTB Rent Index - Dublin

Q3 2007=100



Dublin      Dublin Houses      Dublin Apartments

# Security of Tenure under the 2004 Act

- Once a tenant has remained in occupation of a dwelling for a period of 6 months, he or she acquires the benefit of a Part 4 tenancy under the Residential Tenancies Act 2004.
- A Part 4 tenancy entitles the tenant to remain in occupation for a period of four years in total, unless a valid notice of termination is served on him or her.
- A Part 4 tenancy may be terminated by the landlord only on the following grounds:



- The tenant has failed to comply with any of his or her obligations in relation to the tenancy.
- The dwelling is no longer suitable to the accommodation needs of the tenant and of any persons residing with him or her having regard to the number of bed spaces contained in the dwelling and the size and composition of the occupying household.
- The landlord intends, within 3 months after the termination of the tenancy under this section, to enter into an enforceable agreement for the transfer to another, for full consideration, of the whole of his or her interest in the dwelling or the property containing the dwelling.
- The landlord requires the dwelling or the property containing the dwelling for his or her own occupation or for occupation by a member of his or her family.
- The landlord intends to substantially refurbish or renovate the dwelling or the property containing the dwelling in a way which requires the dwelling to be vacated for that purpose.

# Period of Notice of Termination

## Termination by Landlord

Duration of Tenancy (1)	Notice Period (2)
Less than 6 months	28 days
6 or more months but less than 1 year	35 days
1 year or more but less than 2 years	42 days
2 years or more but less than 3 years	56 days
3 years or more but less than 4 years	84 days
4 or more years	112 days

TABLE 2

## Termination by Tenant

Duration of Tenancy (1)	Notice Period (2)
Less than 6 months	28 days
6 or more months but less than 1 year	35 days
1 year or more but less than 2 years	42 days
2 or more years	56 days

Proposed Amendments to the  
*Residential Tenancies Act via the Residential Tenancies  
(Amendment)(No.2) Bill*

- ***Deposit Retention*** : commitment to establish a Deposit Protection Scheme-
- ***Registration Fee***: discounts for on-line, sliding scale for late registration fees.
- ***Mediation***: measures to encourage the use of mediation.
- ***Governance***: Smaller Board of Directors with separate quasi Judicial and Administrative Functions.
- ***Social & Voluntary or Approved Housing Sector***: PRTB to become responsible for regulation of this sector also - will then be known as the RTB
- ***Exchange of Information with Revenue***: this will assist in tracking respondents / repeat offenders.

# *Deposit Retention Scheme*

- The Government has approved proposals for a Deposit Protection Scheme operated by the PRTB. The scheme will operate along the lines of a custodial model in which the PRTB will hold deposits for the duration of the tenancy.
- Where there is agreement between the parties, the PRTB will repay the deposit at the end of the tenancy. Where there is no agreement between the landlord and tenant on how the deposit is to be repaid, the parties may apply to the PRTB for dispute resolution.

## Rent Stability in the Private Rented Sector Final Report



Prepared for  
The Housing Agency  
on behalf of the  
Private Residential Tenancies  
Board

September 2014

## Future of the Private Rented Sector Final Report



Prepared for  
The Housing Agency  
on behalf of the  
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Tenancies Board

October 2014

# *Rent Control Scheme* under review

- *“While the impact of rent regulation is uncertain, given where the Irish housing market is at present, the introduction of rent regulations in Ireland is likely to exacerbate the current problems being experienced in the market.”* (DKM Economic Consultants / Ronan Daly Jermyn Solicitors and the Economic and Social Research Institute (2014) **Rent Stability in the Private Rented Sector - Final Report.**

# Security of Tenure

- *“..consideration should be given to extending the security of tenure for further Part 4 tenancies such that it continues to apply in the first six months of the further Part 4 tenancy. This would result in a move from the arbitrary 4 year tenancy (or less) towards an indefinite tenancy arrangement which would be subject to the normal rent reviews. The landlord’s ability to recover the property would remain subject to the conditions for termination of agreements as set out in the RTA 2004. Concerns were raised during the consultations that this extension of security of tenure indefinitely may discourage new investors coming into the market and limit supply.”*

# Notice Periods

- *“Consideration should be given to increasing the notice of termination in excess of those currently set out for tenancies exceeding four years. The increase would be on a pro-rata basis for both landlords and tenants in line with the length of the tenancy and subject to caps of 224 days for landlords and 112 days for tenants. For example, the notice period in any tenancy in excess of 8 years would be subject to 224 days for landlords and 112 days for tenants.”*



# Summary

- Proposals are firmly geared towards increasing supply, *via* restoring and enhancing the tax treatment of Landlords in the PRS.
- Increasing knowledge of the sector and professionalizing the sector are deemed crucial.
- Further regulation in terms of rent certainty or security of tenure deemed to be 'risky' and could 'jeopardize' the sector.