



**Rebuilding  
Ireland**

Action Plan for Housing and Homelessness

# Strategy for the Rental Sector

December 2016

# Contents

Minister's Foreword **1**

1. Introduction **4**

Why do we need a Strategy for the Rental Sector? **4**

The supply/demand mismatch and the associated affordability challenge **5**

2. Vision **7**

Strategic Objectives **8**

3. Actions **9**

The following sections set out the range of actions to be taken under these four headings. A summary of the actions and associated timelines is set out at Appendix 1.

Security **9**

Supply **14**

Standards **20**

Services **22**

Appendix 1 / Summary of Actions **26**

Appendix 2 / Profile of the Rental Sector **31**

Appendix 3 / Rent Predictability Measure – How it Works **35**

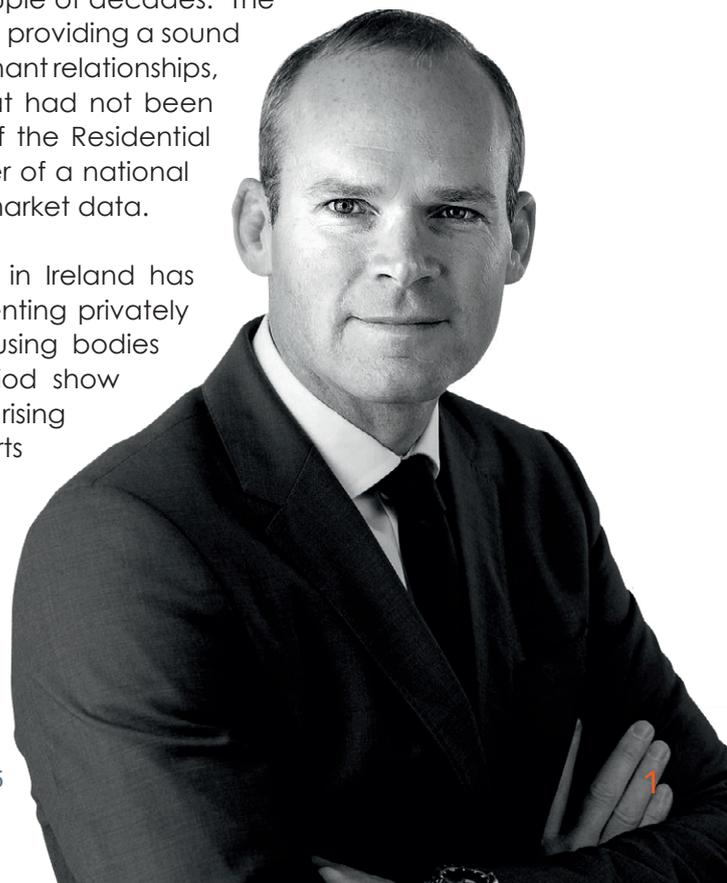
# MINISTER'S FOREWORD

## Simon Coveney, TD, Minister for Housing, Planning, Community and Local Government

I have made no secret of the fact that I believe the rental sector in Ireland is currently broken. Indeed, it is probably fair to say that at no stage has it been the sort of attractive and stable tenure choice we would like it to be, meeting the needs of landlords and tenants and providing a proper alternative to home ownership. We have never truly appreciated the societal or economic importance of a vibrant rental sector as a flexible tenure choice for households and a bulwark against an over-reliance on owner occupation.

There have been some improvements over the last couple of decades. The Residential Tenancies Act 2004 was an important step in providing a sound legislative underpinning for the mediation of landlord-tenant relationships, setting out their roles and responsibilities in a way that had not been done before. It also provided for the establishment of the Residential Tenancies Board as a disputes resolution service, holder of a national register of tenancies and provider of important rental market data.

In the period since then, however, the rental sector in Ireland has doubled in size. One fifth of the population is now renting privately with a further 10% renting either from approved housing bodies or local authorities. Rental trends in the same period show a dramatic pattern of boom and bust with rents rising sharply up to a peak around 2007, collapsing in most parts of the country until late 2011/early 2012 and increasing rapidly since then. That dramatic fluctuation in rents – which is undesirable for all participants in the rental sector – is primarily supply-related.



The unsustainable situation we now face in terms of affordability and rental inflation in some parts of the country is down to a lack of supply, the same core issue behind almost all of the pressures throughout the housing market.

Ultimately, the most effective way to reduce and stabilise rents in the medium to long term, with benefits for the entire sector, is to increase supply and accelerate delivery of housing for the private and social rental sectors. In publishing the *Rebuilding Ireland* Action Plan in July 2016, the Government has set out a practical and readily implementable set of actions to create a functioning and sustainable housing system. At an overall strategic level for housing in general, increasing supply must be the key focus. Similarly, this strategy provides for a number of significant supply initiatives, including the early roll out of a programme of rental demonstration projects targeted at middle income households in areas of most significant rental pressures.

However, it will take some time for supply and demand to reach equilibrium. In the meantime, it is essential that measures are taken to address unsustainable rental inflation in a way that does not jeopardise supply. While this strategy puts forward an integrated range of complementary measures across the areas of security, supply, standards and services, the new Rent Pressure Zone system is a critical intervention to alleviate conditions in areas where market failure is particularly acute. This is not a system of national rent control of the kind that has been proposed by others, which would apply nationwide for an unlimited duration, completely undermining wider efforts to create a viable rental sector. The system we are introducing involves a more targeted, objective, time-bound intervention to provide for rent predictability in high pressure areas in a way that will not negatively impact either existing or new supply. Arrangements are being made to provide the legislative basis for the designation of Rent Pressure Zones in the coming weeks with the first designation taking effect on commencement of the legislation.

In addition to focusing on supply and security issues, this strategy also addresses the critically important issue of standards of rental accommodation and the services provided through the Residential Tenancies Board, in the short, medium and long term. The strategy, however, is not all about regulatory change and intervention, but also recognises the importance of the sector, and the need to facilitate its growth. In our most recent past, we did not have a history of renting in the long-term in Ireland, but this trend is starting to change. One of the ambitions of this strategy is to support this change and to support in the interim the transition to a different culture of renting, where landlords let properties for the long-term and tenants can think of these rental properties as their long-term homes. It is as much about changing culture as it is about changing regulations.

Taken together and vigorously implemented, the package of actions in this strategy, which seeks to strike a careful balance between the interests of landlords and tenants, will deliver a strong, viable and attractive rental sector that delivers affordable and high quality accommodation for tenants and a secure, predictable investment environment for landlords and accommodation providers.

I look forward to implementing it in a spirit of partnership.

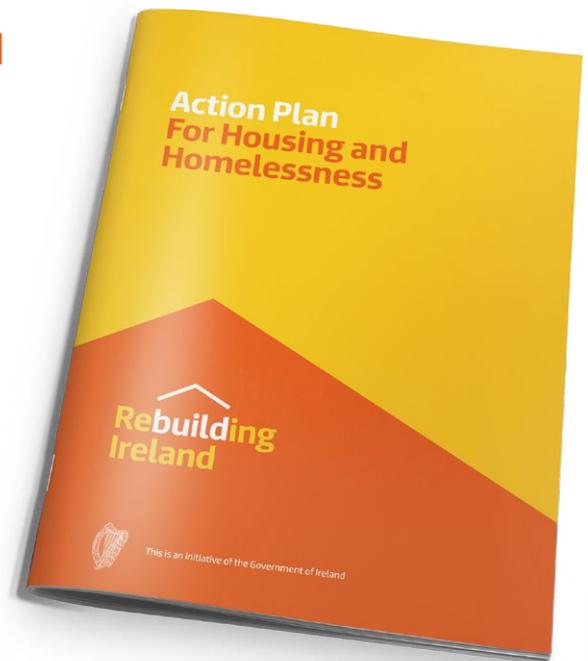


**Simon Coveney, TD**  
**Minister for Housing, Planning,**  
**Community and Local Government**

**“ULTIMATELY, THE MOST EFFECTIVE WAY TO REDUCE AND STABILISE RENTS IN THE MEDIUM TO LONG TERM, WITH BENEFITS FOR THE ENTIRE SECTOR, IS TO INCREASE SUPPLY AND ACCELERATE DELIVERY OF HOUSING FOR THE PRIVATE AND SOCIAL RENTAL SECTORS.”**

# 01 INTRODUCTION

Ensuring sufficient, stable and sustained provision of housing that is affordable, in the right locations, meets people's different needs and is of lasting quality is one of the greatest challenges facing the country. Addressing that challenge was the key focus of the Government's *Rebuilding Ireland Action Plan for Housing and Homelessness*, which was published in July 2016.



Pillar 4 of *Rebuilding Ireland* outlined a range of rental measures and committed to the development of a strategy for a viable and sustainable rental sector. This strategy for the rental sector in Ireland, which has been prepared in response to that commitment, seeks to chart a path forward, offering a vision for what role we want the sector to play over the short, medium and long term. It contains a range of ambitious measures which this Government will pursue in partnership with stakeholders and agencies in the housing arena. The strategy and the recommendations it contains are structured around 4 key areas: security, supply, standards and services.

The strategy has benefited from a public consultation process involving a stakeholder event in Dublin and almost 500 written submissions received from a broad range of stakeholders.

## Why do we need a Strategy for the Rental Sector?

A strong and viable private rental sector should be a key component in any healthy housing market, providing a housing option to those who either cannot or choose not to enter the owner-occupied market, but still have sufficient means to meet their own accommodation needs. It can provide a housing option to meet rising demand and it can promote flexibility and better alignment to a more mobile labour market, making it easier for individuals and families to pursue job opportunities or adapt their accommodation to changing family circumstances. It can also reduce the macro-economic risks of an over-reliance on home ownership, acting as a stabiliser to mitigate boom or bust cycles.

The rental sector in Ireland has traditionally been a residual sector in which households who would prefer either to own their own home privately or access permanent social housing must serve time on their way to their true tenure of choice. It has been perceived as a stopover and not a destination of choice, but that traditional picture is changing. The rental sector in Ireland has doubled in size over the course of the last 2 decades. During the same period, our national reliance on home ownership tended more towards international norms. Ireland still has one of the highest rates of owner occupation in the OECD, but there is an increasing acceptance that a viable and sustainable rental sector is a key building block for a modern economy.

Despite these trends, the sector in Ireland is not yet truly viable or sustainable. Severe supply pressures, a rising cost base for providers, a more complex regulatory regime for landlords, rising rents, concerns in relation to security of tenure, examples of poor accommodation standards and an uncertain investment environment have proven to be impediments to delivering on a strong and modern rental sector that offers real choice for individuals and households while contributing to economic growth.

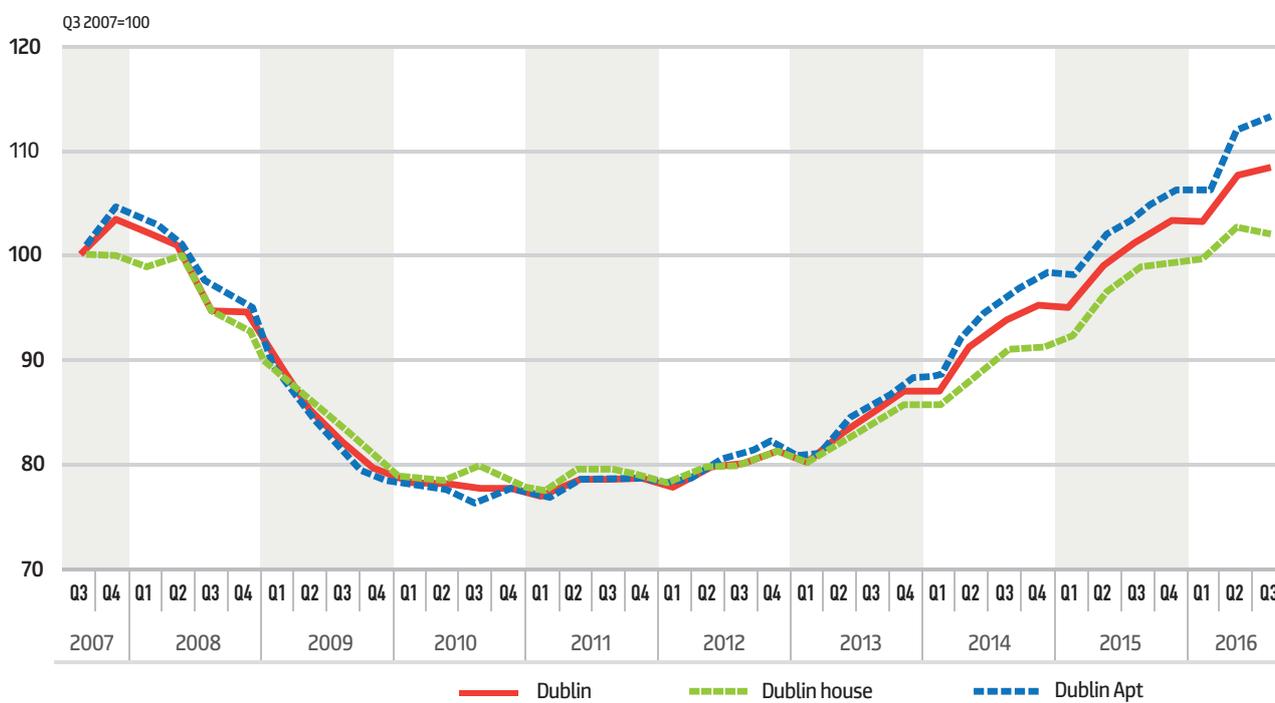
## **The supply/demand mismatch and the associated affordability challenge**

Rent levels are a factor of demand and supply. In the years immediately following the financial crisis, the supply/demand mismatch in all housing markets across the country drove residential rents and residential purchase prices down very significantly. Since 2011, the residential rental sector has experienced a strong rebound, driven by a range of factors including the economic recovery, population growth and constraints in the home ownership market related to supply of new housing units and financing difficulties on the part of first time buyers.

The most recent Residential Tenancies Board (RTB) rent index shows that in the third quarter of 2016, rents were 8.6% higher nationally than in the same quarter of 2015. Rents are now 5% higher in Dublin than their previous peak in 2007. While increasing outside of Dublin, rents remain at 7.3% off their peak levels. However, supply of new residential accommodation – whether for rent or purchase – continues to lag behind recovery in demand, with the number of properties available to rent at any given time at historically low levels in many locations. That demand/supply mismatch is now driving a strong recovery in house prices and a more dramatic rebound of residential rents.

The rapid rental inflation as a result of inadequate supply has a range of adverse consequences for households, for society and for the Irish economy. From the perspective of a household, rental inflation increases the proportion of income that must be spent on meeting basic housing needs. For high and medium income households it reduces the income available for other goods and services, affecting wider spending decisions and potentially negatively impacting on quality of life. For lower income households the consequences are more significant, potentially creating severe financial pressures, difficulties in terms of meeting payments and, ultimately, a risk of homelessness. Rising rents for low income households can also place additional demands on the State through increased cost of Rent Supplement or the Housing Assistance Payment.

## The RTB Rent Index, Dublin 2007-2016



Source: RTB Data

From a wider economic perspective, excessive rental inflation can weaken national competitiveness by driving wage demands, increasing the cost of doing business in Ireland and having a dampening effect on labour market mobility as households are potentially discouraged from residential mobility to pursue job opportunities.

This strategy is designed to address the current challenges in the rental sector by creating the set of economic and regulatory conditions that will bring on stream extra supply that people can afford, and in the locations and forms that people will see as a secure, quality and long term housing option. It also offers a vision for what role we want the sector to play over the short, medium and long term. It contains a range of ambitious measures which the Government will pursue in partnership with key stakeholders, including the RTB and other agencies in the housing arena. This strategy will also need to be implemented in partnership with landlords, who are a key and valued partner for delivery.

Inherent also in the strategy is a recognition that the rental sector in Ireland cannot be seen as one homogenous market. One of the strengths of the rental market is its diversity in meeting varying needs and expectations, from providing short-term flexible housing options for students or professionals working on short-term contracts, to providing for many households who are looking to the rental sector to provide their long or longer term homes. In addition, there are important geographical differences in both the types and costs of provision of rental accommodation in Ireland. This means there is not and cannot be a one size fits all approach to the rental sector, a fact that must be reflected in the policies we have to support the sector's growth and development.

A profile of the rental sector is provided in *Appendix 2*.

## 02 VISION

Government housing policy aims to ensure that, to the greatest extent possible, every household can access secure, good quality and affordable housing suited to its needs and located within sustainable communities. Within that, our vision is for a strong, viable and attractive rental sector supported by a policy and regulatory framework that delivers long-term affordable and high quality accommodation solutions to meet diverse tenant needs, and a secure, predictable investment environment for landlords and accommodation providers.

Delivering on this vision will require a comprehensive set of measures based around strategic objectives over short, medium and long term horizons. The primary focus must be on addressing the root cause of the current difficulties, which centres around a lack of supply, particularly in the middle to lower segment of the market. A very significant proportion of the *Rebuilding Ireland* target of delivering 25,000 units of housing supply per annum will need to be provided specifically for the rental sector. The traditional dominance of the build to sell model must evolve to provide for increased delivery of housing intended specifically for rental purposes. Our perception of the sector as a short term tenure option must also evolve.

Given the inevitable time lag until measures to increase supply have the necessary impact, time-bound measures are needed to address unsustainable rental inflation in certain areas, which is leading to severe affordability problems and, in extreme cases mainly in urban areas, to the new phenomenon of family homelessness. The approach must therefore involve a delicate balance of measured, short term – but necessary - interventions while also pressing ahead with delivering the longer term supply response.

The policy and regulatory arrangements governing the rental sector have a crucial role to play in ensuring a competitive, efficient and fair rental market that deals equitably with the interests and needs of landlords and their tenants. This is also a focus for this strategy, particularly in terms of securing improved data and analysis on the performance and structure of the sector, providing the strong evidence base required to guide the sector's evolution and development.

## Strategic Objectives

This strategy sets both long-term objectives aimed at realising the vision for the rental sector and short term objectives aimed at addressing the immediate causes and effects of rental market dysfunction. This need for both short and long term effect is well reflected in three of the core objectives of *Rebuilding Ireland* that are directly relevant to the rental sector:

- Moderating rental and purchase price inflation, particularly in urban areas;
- Maturing the rental sector so that tenants see it as one that offers security, quality and choice of tenure in the right locations and providers see it as one they can invest in with certainty;
- Ensuring housing's contribution to the national economy is steady and supportive of sustainable economic growth.

To address these objectives in the current rental sector context, this strategy proposes measures and actions to:

- Create a stable investment environment to protect the existing stock of rental accommodation and encourage additional supply, including local authority/ Approved Housing Body (AHB) led supply of rental accommodation for middle income households;
- Moderate rent prices in high pressure areas, providing greater stability in the short term;
- Ensure the quality of rental accommodation, which is critical to the sector's success and sustainability;
- Simplify, and improve the efficiency of, the regulatory system so that landlords and tenants are clear on their respective rights and responsibilities, while recognising the diverse nature of tenants and landlords and the associated need for different types of tenancies, including a transition to longer-term tenancies, and the need to strengthen protections for both landlords and tenants.

# 03 ACTIONS

This Strategy builds on work already underway across the five pillars of *Rebuilding Ireland* and focuses, in particular, on the four key areas which *Rebuilding Ireland* identified for action in the rented residential sector;

- **Security** – bringing greater certainty to tenants and landlords;
- **Supply** – maintaining existing levels of rental stock and promoting additional supply through encouraging new investment and bringing unused capacity to the market
- **Standards** – improving the quality and management of rental accommodation;
- **Services** – broadening broadening and strengthening the role and powers of the RTB to more effectively provide key services to tenants and landlords.

The following sections set out the range of actions to be taken under these four headings, implementation of which will be taken forward through the governance arrangements in place for *Rebuilding Ireland*. A summary of the actions and associated timelines is set out at *Appendix 1*.

## SECURITY

### Key Objective: Bring greater certainty to landlords and tenants

#### Key Actions:

- Introduce Rent Pressure Zones to provide rent predictability in areas of unsustainable rental inflation;
- Provide more effective termination procedures for non-payment of rent;
- Place restrictions on use of sale as reason for ending a tenancy – the Tyrrelstown amendment;
- Through engagement, we would encourage banks and landlord borrowers to agree sustainable solutions to buy-to-let arrears which result in properties being retained in the rental sector;
- Review how landlord obligations are addressed during receiverships of encumbered buy-to-lets in order to ensure protections for tenants;
- Improve enforcement of RTB Determination Orders;
- Encourage longer term lettings by allowing unfurnished lettings as in other jurisdictions, subject to the introduction of an appropriate standard and a minimum lease term of 10 years;
- Move from 4 to 6 year tenancy cycles, as a first step towards tenancies of indefinite duration.

Reducing risk and increasing security for both landlords and tenants is essential to the development of the residential rental sector as an attractive tenure choice for tenants and as a safe and viable investment choice for a range of investors - from the individual wishing to secure an income into the future to the institutional investor looking to build a balanced portfolio. The strategy includes a range of measures aimed at enabling a shift towards secure and long-term tenancies which serve the interests of both landlords and tenants.

## Rent Predictability

The rapid rate of rent inflation in areas of the country where the demand for residential rental accommodation outstrips supply constitutes the most significant challenge facing the sector, the solution to which is ultimately to be found in increased supply of new rental properties. It is generally accepted that there is an inevitable time lag associated with additional supply coming on stream to the extent required; however, there is less of a shared understanding regarding the short-term measures that might be required to respond to the rental pressures in certain areas, while the supply response ramps up. There are legitimate concerns regarding the potential for rent caps to discourage investment in supply, exacerbating an already stressed situation. At the same time, the conditions that prevail in the rental market in certain areas are now such as to justify a considered, targeted and time-bound policy response.

A number of proposals have been made to link rent increases to CPI. The Government does not believe this to be an approach that serves the interests of tenants or landlords for a number of reasons, including the risk that limiting rent increases to zero 'real' growth in relevant areas would adversely affect this scope for a smooth transition when any such limitations would be lifted in due course.

Therefore, a time-bound system of rent predictability based on the concept of rent pressure zones is to be introduced. Under this system, those areas which have experienced the most significant increases in rent, leading to acute affordability problems for households and negative consequences for overall national competitiveness, would be designated as rent pressure zones, the effect of which would be to limit rental increases, both within existing tenancies and between tenancies, to 4% p.a. for a specified period. This, combined with changes introduced in 2015 to extend the notice period for rent reviews to 90 days, will make rent more predictable for tenants and limit increases, while landlords will have a predictable return in respect of any rental property within a rent pressure zone.

Further detail on the new system, which will apply in Dublin and in Cork City at the outset, is set out in *Appendix 3* but the following are some of the key features:

- New supply (new build and existing supply that is new to the rental market) will be exempt:
- Rent pressure zone designations will be for a limited duration (up to 3 years); and
- The designation will be based on objective, measurable criteria, i.e. where –
  - the annualised rate of rent inflation in an area, as measured through data collected by the RTB, has been 7% or higher in 4 of the last 6 quarters, and
  - the level of rent in the area is above the national average rent.

This system will be provided for in amendments to the Planning & Development (Housing) and Residential Tenancies Bill 2016, currently before the Oireachtas. The rent certainty measures introduced in 2015 providing for rent reviews every 2 years will cease to apply in rent pressure zones according as rents fall due for review, being replaced by the rent predictability measures outlined above, but will continue to have effect in other areas until they expire in 2019.

## **Non-Payment of Rent – Effective Termination Procedures**

Where a tenant does not pay rent and adhere to a Determination Order there can be serious consequences for a landlord, with the most extreme being that a landlord loses the property due to an inability to maintain their mortgage payments. The length of time it can take for an eviction order to be enforced in the courts can result in a landlord not receiving any rent for a dwelling for a considerable period of time. Special measures will be introduced to deal with the specific challenge of enforcement in the instances of non-payment of rent. Changes to RTB procedures will be introduced to reduce the time taken to repossess a property in such circumstances. Subject to consultation with stakeholders, the proposed changes are as follows:

- A fast track process will be introduced to enable landlords to regain possession quickly where the non-payment of rent constitutes the grounds for termination;
- To avail of the new procedure, the landlord must have served a valid Notice of Termination for non-payment of rent and have lodged a dispute with the RTB seeking an order that the tenant comply with the Notice of Termination;
- Where the RTB makes an order directing a tenant to vacate a dwelling and the tenant does not comply with that order and continues not to pay rent, the new procedure will provide for an emergency application to be made to the District Court to enforce the order; and
- The decision as to whether an emergency application should be made to court will be made by the RTB having considered the circumstances of the case, including the amount of rent arrears and the length of time for which rent has not been paid.

## **Restriction on use of sale as ground for termination of tenancy – New tenancy in-situ requirements**

The Government is introducing fundamental changes to the obligations of institutional landlords where they are selling multiple units in a development at the same time. This is in response to a recent high profile example of multiple tenancy terminations in a single development in Dublin. The new rules mean that where a landlord proposes to sell multiple units within a single multi-unit development at the same time, the sale will be subject to the existing tenants remaining in situ, providing a significant, and necessary, level of protection.

## **Encumbered Buy-to-Lets**

While the numbers of buy-to-let (BTL) properties in arrears continues to decline, there is still a sizable proportion of BTL properties remaining in longer-term arrears. Through engagement, we would encourage banks and landlord-borrowers in arrears to engage to agree sustainable solutions which may include retaining the use of the property for rental purposes, both where the tenant is in receipt of support under either the Housing Assistance Payment or Rent Supplement schemes and in tenancies more generally. This could involve agreeing to restructure the mortgage or the landlord-borrower selling the property, perhaps to another landlord, in a way that supports the rental sector.

### **Landlord obligations during Receivership**

The interrelationship between the provisions of the Residential Tenancies Acts and the legal framework governing receiverships in situations where receivers are appointed to repossessed buy-to-let properties is a matter of considerable complexity. A Working Group involving the key public sector bodies involved, including the Department of Housing, Planning, Community and Local Government (DHPCLG), the Department of Justice and Equality, the Department of Finance, the Department of Jobs, Enterprise and Innovation, and the Attorney General's Office will be established to explore the scope for the obligations of landlords to transfer to receivers in such cases. The Working Group will report by end Q1 2017.

### **Improved Enforcement of RTB Determination Orders**

Improved enforcement arrangements are required for the rental sector in order to reduce losses to compliant landlords and tenants and reduce the perceived risks of investing in the rental sector, helping to retain and grow supply and providing an incentive to landlords to register with and use the services of the RTB. In the vast majority of cases, tenants and landlords comply with Determination Orders issued by the RTB. Only 12% of determinations issued through mediations and 15% of determinations issued through adjudication were appealed to a Tribunal in 2015. However, the dispute resolution services provided by the RTB conclude once the Determination Order is issued to the parties and if the order is not complied with within the time specified, it may be enforced through the Circuit Court. While it is only a minority of cases that require enforcement through the courts, the impact and further complications of this additional layer can frustrate both landlords and tenants. This has negative supply consequences, putting existing property at risk of being lost to the rental sector and acting as a disincentive to further investment.

Accordingly, the following measures to improve enforcement are to be put in place:

- The 2015 Residential Tenancies (Amendment) Act provides for enforcement cases to be heard in the District Court. This measure will be activated in Q1 2017, providing for quicker access to the Courts and at a reduced cost. In addition, the potential for Determination Orders to be directly enforceable through the County Registrar in certain circumstances will be explored;
- The RTB will develop a new self-enforcement guide for parties taking cases themselves directly in the District Court. This will be supported with a number of training seminars, which will help and make it easier for parties to take cases themselves;
- The RTB will also change from its current business model for enforcing cases which is operated through a single legal framework to a new enforcement delivery model, whereby there will be a national panel of solicitors who will undertake enforcement on the RTB's behalf for a fixed price. This is similar to the systems used by the Legal Aid Board in family law matters and the new Abhaile scheme in relation to mortgage arrears. It will allow the RTB to reduce its current costs and therefore take more enforcement cases, underpinning the effectiveness of its Determination Orders;
- The RTB will also examine facilitating voluntary arrangements/agreements to permit payment by instalments and deductions at source as part of the communications with parties following the determination of the case.

## **Encouraging Long-term Lettings**

The rental sector in Ireland is in transition and many tenants now want longer term tenancies, where they have security that they can live in the same home, allowing them to plan better for the medium to longer term, ensuring greater family stability, including avoiding children having to change schools unnecessarily. To facilitate and support the creation of more long term letting, provision will be made for unfurnished lettings where leases of 10 years or more are offered, with adequate tenancy in-situ protections.

In many EU Member States the letting of properties unfurnished is common; for example, in Germany, the majority of rental units are unfurnished while in the Netherlands, 88% of privately rented homes are rented unfurnished. From the point of view of the tenant, furnishing a property themselves (where they have the means to do so) gives them an enhanced stake in their home, encouraging them to better maintain and protect their home over the longer term. From a landlord's perspective, provision for unfurnished lettings reduces cost inputs and gives them greater confidence that the properties they are letting will be well cared for and eventually returned to them in good condition. The introduction of an unfurnished letting standard is also an important supply measure as it reduces the effective cost of providing accommodation. In preparing standards for unfurnished properties, appropriate attention will be given to ensuring that existing standards relating to other aspects of rental accommodation are not diluted.

## **Moving towards tenancies of indefinite duration**

The Residential Tenancies Acts (RTA) will be amended to extend the term of what are known as Part 4 tenancies from 4 years to 6 years. This will mean once a tenant has rented a dwelling for more than 6 months, the tenant will be entitled to stay in that dwelling for 6 years, subject to the landlord's right to terminate the tenancy on the grounds set out in section 34 of the Act. This is intended to be a first step along a pathway towards tenancies of indefinite duration.

## SUPPLY

**Key Objective:** Maintaining existing levels of rental stock and promoting additional supply through encouraging new investment and bringing unused capacity to the market.

### Key Actions:

- Examine the tax / fiscal treatment of accommodation providers to protect existing supply and stimulate future investment in the rental sector;
- Kick-start supply in rent pressure zones using publicly owned land to leverage land value for the delivery of the maximum number of rental units targeting middle income households;
- Ensure that appropriate levels, types and locations of rental accommodation are planned for and promoted in line with the specific needs of the different parts of each local authority area through the Development Plan process;
- Develop a cost rental concept/model for the rental sector;
- Increase new supply through the build to rent model so that a significant proportion of overall delivery specifically targets the rental sector;
- Support appropriate credit availability for bringing vacant stock into the private rental market;
- Free-up rental stock by accelerating delivery of dedicated student accommodation;
- Accelerate the national roll-out of the Repair and Leasing & Buy and Renew schemes to support use of vacant stock for social rented housing, relieving pressure on the rental market generally;
- Explore the potential to bring into use, for rental purposes, vacant properties where owners are in long-term residential care under the Fair Deal scheme;
- Provide clarity in relation to the appropriate regulatory approach, from a planning perspective, for short term tourism-related lettings;
- Undertake detailed analysis to benchmark housing delivery costs in Ireland, including in the rental sector.

Under-supply of new housing is the root cause of the main problems currently being experienced in the housing sector generally. This is well recognised in *Rebuilding Ireland* and many of the significant measures which it provides for in order to support increased supply generally, coupled with measures announced as part of Budget 2017, will also assist in supporting the provision of rental accommodation. The main measures involved include:

- Opening up land supply and low-cost State lands;
- Introduction of a Local Infrastructure Housing Activation Fund (LIHAF) - €200m and complementary NTMA financing of large-scale "on-site" infrastructure;
- Prioritising large pathfinder sites in key urban locations to release housing more quickly;
- Further planning reforms – new streamlined Part 8 process, on-line planning facilities;
- Extension of the living city initiative;

- Increase in the ceiling for the rent a room scheme from €12,000 to €14,000;
- Streamlining of statutory guidance on apartment developments; and
- A Vacant Site Levy.

Landlords and investors are essential to securing increased supply in the rental sector. While much of the debate on the rental sector, understandably, focuses on the impacts of rising rents on families and households in high rent pressure areas, regard must also be had to the pressured position of many rental property owners struggling with mortgage arrears and the requirements of a more complex regulatory environment. Therefore, this strategy provides for a number of rental sector-specific measures, with a view to retaining those properties already in the sector, attracting additional investment and diversifying the profile of accommodation providers.

### **Tax / fiscal treatment of accommodation providers**

The business activities of landlords are, in general, treated on the same basis as other forms of business in Ireland. The Budget 2017 announcement of the phased restoration of the deductibility of mortgage interest relief for landlords from 75% to 100% by 2021 bears out this position. A working group, chaired by the Department of Finance, and including representation from the DHPCLG and the property sector (and representation from such other bodies identified as appropriate by the working group in the course of its work) will be established in early 2017. The working group will examine and report on the tax treatment of landlords and put forward options, where identified and appropriate, for amendments to such tax treatment, having due regard to the role of landlords in a properly functioning rental market.

### **Kick-starting supply in rent pressure zones**

The designation of a particular area as a rent pressure zone will represent an implicit acknowledgement of a market failure in that area. The rent predictability measures that will apply in rent pressure zones are intended to address the demand side consequences of the market failure. Measures must also be taken to address the root cause, namely a lack of supply. Lands held by local authorities in rent pressure zones will be brought to market on a competitive tendering basis, with a view to leveraging the value of the land to deliver the maximum number of units for rental targeting middle income private rental households.

The cost of providing rental units will be permanently reduced by lowering the initial investment and development costs for providers - AHB or private - allowing the rental units to be made available at below market prices without the need for ongoing rental subsidies.

The local authorities concerned will, by end January 2017, identify a number of sites with the potential for up to 1,000 units of accommodation and will move forward, as soon as possible, to issue calls for proposals from parties interested in developing rental accommodation for middle income households. As speed of delivery will be critically important, appropriate licence arrangements, incorporating clear timescales for delivery, will be a key feature of the process.

This programme will be co-ordinated with the dedicated measures in *Rebuilding Ireland* to accelerate housing output from the Major Urban Housing Delivery Sites including support from the Local Infrastructure Housing Activation Fund (LIHAF) where necessary. Possible project locations include O Devaney Gardens and Oscar Traynor Road in Dublin. In tandem, new-build rental accommodation will also be provided in the major build-to-rent projects planned for strategic development zones and other large sites in Dublin and other locations, such as Cherrywood in Dun Laoghaire Rathdown County Council area.

## **Better Strategic Planning for the Rental Sector**

Recognising that the planning system should play an enhanced role in ensuring that sufficient land supply and new housing development projects are targeted towards the needs of the rental sector, changes will be made to the process through which local authorities prepare housing strategies, under Part V of the Planning and Development Act 2000, to ensure that appropriate levels, types and locations of rental housing are planned for and promoted in line with the specific needs of the different parts of each local authority area. This will, for the first time, give local authorities a specific responsibility to plan for the provision of rental accommodation in their functional areas as part of the Development Plan process.

For example, future Housing Strategies, in addition to estimating overall housing requirements and the social housing requirement specifically, would also address the breakdown of requirements between the “build to own” and “build to rent” sectors as well as speciality sectors within the rental area, such as student accommodation.

Furthermore, these measures will be used to ensure that development proposals for the largest development sites include tailored housing provision plans that respond to tenure mix requirements set by Housing Strategies, avoiding the tendency towards the owners of such sites opting exclusively, to the detriment of rental supply, for development of build to own properties.

Proposals will be brought forward to address these changed housing strategy requirements in Q3 2017.

## **Cost Rental**

In addition to this Strategy’s commitment to advancing projects providing additional rental accommodation for middle-income households, the Programme for a Partnership Government contains a commitment to develop a “cost rental” option for lower income families, taking account of work already completed in this area, including by NESC and others. Under a cost rental model, a housing provider raises the finance to provide accommodation and charges rents that are sufficient to cover current and capital costs, creating the potential to provide rental accommodation at below market rents, providing potential to address the affordability gap for certain households between the social housing sector and market rental. As such, although sometimes used as a general reference to rental accommodation targeting low and middle income households, the term “cost rental” has a specific meaning and requires a considerable maturation process (often 20+ years) before the core dividend can be realised.

More immediate delivery options for middle income households are set out above but in order to progress the cost rental concept, the DHPCLG will lead an expert group involving the RTB, the Housing Agency, NESC, the local authority sector and the Irish Council for Social Housing, to develop a cost rental model for the Irish rental sector, addressing issues such as funding mechanisms, the need to grow the necessary institutional capacity, particularly within the AHB sector (whether through mergers, new entrants or strategic partnerships), the households to be targeted and the appropriate regulation mechanisms. This group will report by Q4 2017.

### **Increasing new supply of private rental stock through build-to-rent schemes**

'Build-To-Rent' developments are a prominent feature of the housing sector in several other countries. Constructed specifically for the rental market and generally of large scale (100 units minimum) with on-site amenities, these developments are potentially a major engine of growth of supply for the rental sector by tapping new sources of finance from institutional investors such as pension funds and Real Estate Investment Trusts. Furthermore, build to rent schemes bring an enhanced level of professionalism to the estate management of housing projects, seeing residents as long term "customers" rather than tenants.

Guidance was issued to local authorities in October 2016 requesting that priority be given to Build-to-Rent projects, clarifying associated planning issues and amending design standards related to such developments, with a commitment to follow up with statutory planning guidelines.

Build to rent projects tend to be constructed in urban locations close to major centres of employment and transport nodes. There is major potential for Build-to-Rent projects on twenty Major Urban Housing Development sites identified under *Rebuilding Ireland*, which are capable of delivering 15,000-20,000 new homes of all tenures.

### **Wider investment opportunities and credit availability to support investment in the rental sector**

Building on measures included in *Rebuilding Ireland* to increase the output of private housing in the market and acknowledging the challenges that prevail in respect of the cost of new development (including the cost of finance), the DHPCLG will work with the financial sector (the banking sector, the Ireland Strategic Infrastructure Fund & Housing Finance Agency) to increase awareness of and support investment opportunities in the rental market, including investment for the upgrade of vacant stock. This work will seek, in particular, to encourage growth and investment in the private rented sector specifically, by working with commercial lenders to put in place, where appropriate, specific credit availability at competitive prices to support investment in the sector. This will complement demonstration projects that will be undertaken to provide rental properties for middle income households on Major Urban Housing Development sites and measures to increase new supply of private rental stock through build to rent schemes.

### **Build student housing and free up existing private rental stock**

The Higher Education Authority Report, *Student Accommodation: Demand and Supply*, found that there is an unmet demand of circa 25,000 bed spaces nationally which will increase further in the years ahead. Demand for student accommodation exacerbates the demand pressures on the available supply of rental accommodation in urban areas in particular, pressures which could be relieved through an increased and accelerated supply of student-specific accommodation.

Initiatives underway, including changes to planning guidelines, new streamlined planning processes and access for Higher Education Institutions to funding from the Housing Finance Agency, will all support the rapid development of purpose-built student accommodation on appropriate campuses and on public and private lands, freeing up capacity in the wider rental sector.

There is currently a total stock of 33,606 bedspaces of student accommodation nationally, including 1,067 new bedspaces completed in Q3 2016 at NUI Maynooth, UCD Belfield and in the Dublin 8 area. Almost 8,000 further bedspaces are currently under development or planned, including:

- Almost 1,100 bedspaces under construction in central Dublin;
- 4,000 bedspaces nationally with planning permission granted;
- Some 2,850 bedspaces for which planning permission has been sought (involving a broadly equal mix of projects by Higher Education Institutes and by private developers).

Significantly, around 6,500 of these new bedspaces are in the Dublin area where the pressures in the student accommodation sector and in the wider residential rental market are greatest. The impact of the increase of 8,000 student accommodation bedspaces will be to free up potentially between 2,000 and 2,500 rental units for the wider residential rental sector.

In order to underpin further the delivery of significant additional supply of student accommodation and assist in relieving the demand pressures on the residential sector more generally, the Department of Education and Skills will complete the work which it is leading on a new National Student Accommodation Strategy in Q2 2017.

### **Accelerated roll out of “Repair and Leasing” and “Buy and Renew” Initiatives**

Several new social housing delivery streams have been initiated for development within *Rebuilding Ireland*. The schemes acknowledge the value in harnessing vacant and derelict properties around the country for the benefit of communities and local economies, while also providing high quality accommodation for families in need of social housing. These new social housing delivery streams will make an important contribution to reducing the overall demand that is being placed on the private rental market in the context of other social housing schemes and programmes.

The *Repair and Leasing Scheme*, currently being piloted in Waterford and Carlow local authority areas, provides up front funding to property owners to carry out repair work necessary to bring the units up to the standard for private rented accommodation. These units are then made available to local authorities or AHBs for use for social housing on long-term lease arrangements. The *Buy and Renew Initiative* facilitates local authorities and AHBs to purchase and renew housing units in need of remediation and make them available for social housing. Both schemes will be available nationally by early Q2 2017.

### **Bringing other vacant stock into use**

There are almost 200,000 vacant homes (excluding holiday homes) across Ireland. An overall 10% reduction in our vacancy rate would potentially free up 20,000 homes. We must ensure the existing housing stock is used to the maximum degree possible by focusing on measures to use vacant stock and to renew urban and rural areas and tap into a ready supply of built usable stock.

Recognising this, *Rebuilding Ireland* includes a commitment to produce a National Vacant Housing Re-Use Strategy by Q1 2017. The Housing Agency is co-ordinating the development of the Strategy and has established a working group for this purpose, including representatives from DHPCLG and from the local authorities, and there will be liaison with the Central Statistics Office in order to obtain a better understanding of the numbers, characteristics and reasons why homes are vacant.

In the context of vacant housing, an issue raised consistently centres on the extent to which there may be a significant quantum of residential properties vacant arising from older homeowners having moved into nursing home care. In order to explore the potential for this accommodation to be brought into active use, DHPCLG will engage with the Department of Health in the context of the Review of Nursing Home Supports Scheme (Fair Deal) to examine the treatment under the Scheme's financial assessment of income from the rental of a person's principal private residence where they move into long-term residential care.

### **Addressing unintended consequences of short term lettings – Planning guidelines to differentiate commercial from residential letting**

There have been reports of the withdrawal of significant numbers of properties from the long term rental market, in Dublin in particular, for use as short term tourism-related lettings. An Bord Pleanála has recently determined, in a particular case, that planning permission is required for the exclusive use of a residential apartment for short term holiday lettings.

The implications of this case have raised a number of other regulatory and related issues, such as tax liability, residential tenancy regulation, support for tourism, and planning. To provide full clarity in relation to the appropriate regulatory context for management of short term tourism related lettings, DHPCLG will establish a working group comprising representatives of relevant Departments, public bodies and wider interests in this area, and will report by end Q2 2017.

In the interim, DHPCLG has communicated the determination to all planning authorities to ensure that they are aware of:

- The grounds on which the Board reached its decision;
- The planning implications in terms of the requirement for such commercial use of residential units to be the subject of an application for planning permission;
- The importance of a proactive approach to planning enforcement generally.

### **Construction costs**

Under *Rebuilding Ireland*, the Government is committed to undertaking a detailed analysis, in conjunction with the construction sector, to benchmark housing delivery input costs in Ireland, including rental accommodation, in order to facilitate an increased level of housing output. A working group, chaired by DHPCLG, is commencing work on this analysis with representatives from the Construction Industry Council. In parallel, the Housing Agency is advancing work on an independent assessment of construction costs. Both inter-related exercises are targeted for completion in Q2 2017.

## STANDARDS

**Key Objective:** Improve the quality and management of rental accommodation.

### Key Actions:

- Introduce new standards regulations focusing on safety;
- Increase inspections coverage and compliance through specific ring-fenced funding and annual inspections targets;
- Develop a more efficient and effective shared service approach to inspections, consolidating local authority inspection functions into a national or regional set of arrangements, ensuring a more consistent approach to the inspection and enforcement process, to the benefit of landlords and tenants alike.

The quality of rental accommodation is critical to the success and sustainability of the residential rental sector and to its attractiveness as a long-term accommodation option for households. Residential rental properties must provide safe, efficient, durable, comfortable and environmentally sustainable homes for those who live in them. They must also be solid, stable and secure investments for those who own them. Updating and improving standards and regulating their application to the sector are essential for ensuring the quality of accommodation. As standards improve, changes need to be implemented in ways that both ensure higher levels of compliance with regulations while minimising the cost implications on rental provision. The use of phased approaches and appropriate lead-in times is particularly important. A sensible approach which recognises priorities – for example, the absolute importance of safety, including the risks posed by the legacy of previous poor adherence to building standards – is essential.

Consistent and fair enforcement of standards is also critical. Landlords are entitled, wherever they are providing accommodation, to know that statutory standards will be fully enforced through a system of regular inspection and that the compliant, responsible landlord is not operating at a disadvantage to the non-compliant irresponsible landlord as a result of lax enforcement. This strategy contains a number of measures to improve standards, and to increase the coverage and efficiency of the inspections system to underpin improved compliance.

### **New standards regulations focusing on safety**

A review of the standards regulations to bring them into line with modern requirements will be completed and changes to the regulations, focussing on tenant safety and including new measures covering heating appliances, carbon monoxide and window safety, will be introduced with effect from 1 July 2017.

## **Increase Inspections Coverage and compliance with the regulations**

A report by the National Oversight and Audit Commission (NOAC) on the inspection of private rented accommodation indicates overall low rates of inspection of the private rental stock, low rates of compliance and little consistency in approach to implementation of the regulations across local authorities. Staff numbers working full time on inspection functions are inadequate and less than 10% of registered tenancies are inspected each year, with rates in some local authority areas considerably lower. NOAC's overall finding is that the inspection process as currently administered by the local authority sector as a whole is not having a sufficient impact on the standard of rental accommodation.

In order to increase the numbers of properties inspected, specific ring-fenced funding for inspection and compliance activity will be identified from 2018 onwards and annual targets for both inspection and compliance will be agreed with local authorities. The objective is to increase inspection numbers incrementally each year with the aim of achieving a 25% annual inspection coverage rate by 2021. New guidelines to address the findings of the NOAC report and ensure standardised approaches and procedures for inspection and enforcement both within and across local authorities will be issued in Q2 2017.

## **A shared service approach to Inspections**

Building on its considerable experience and success in implementing shared service approaches to service delivery in recent years, a shared services model for inspection and enforcement of the rental accommodation standards regulations will be developed by the local government sector. This will deliver a more consistent approach to the inspection and enforcement process, benefiting landlords and tenants alike, and allow for more efficient and effective use of available resources.

Whether through a single national lead authority or a number of local authorities leading for their regions, the shared service will have overall responsibility for management, oversight and delivery of all aspects of the inspections process. It will be responsible for developing and rolling out a new standardised IT system which will allow real time reporting of inspections and compliance at local and national levels. It will also develop and implement a training programme for enforcement officers and host an annual seminar to share knowledge and best practice and to assist with the continuous professional development of inspection staff.

## SERVICES

**Key Objective:** Broaden and strengthen the role and powers of the Residential Tenancies Board to more effectively provide key services to tenants and landlords.

### Key Actions:

- Accelerate dispute resolution timeframes;
- Develop an RTB One Stop Shop to improve access to information for tenants and landlords;
- Improve understanding of and planning for the rental sector by enhancing data gathering and analysis;
- Simplify the law and the regulatory framework, including through a new consolidated and streamlined Residential Tenancies Act;
- Introduce a voluntary landlord accreditation scheme to support landlords in accessing best practice and promoting a comprehensive understanding of the statutory obligations of tenants and landlords;
- Provide for an effective system of protection of deposits that responds dynamically and flexibly to the needs of tenants and landlords;
- Provide for appropriate resourcing of the RTB as it evolves to ensure that it can plan for the provision of quality services to landlords and tenants over a medium term horizon.

While the overall policy and regulatory framework in which the rental sector operates is set by the Minister/Government, the RTB is core to delivering on a daily basis the services that meet the needs of both tenants and landlords. The Government is committed within this strategy to supporting the RTB to improve and expand its services. Ireland is relatively unique in having a dedicated independent regulatory body for the rental sector and we need to use this unique strength to build and enhance the sector further.

A lot has been achieved since the RTB was first established in 2004; we have a disputes service that replaces the courts, we have a national register of landlords and real market rents data is provided on a quarterly basis. However, there is significant potential for the role of the RTB to be enhanced further to help growth in the sector.

The rental sector has grown in size at a considerable pace over the last number of years and at the same time the regulatory framework has been added to and changed to reflect the growing and changing demographic and market challenges, with further planned changes identified within this strategy. We now need to underpin these changes with services that support the sector.

A key component of this strategy is to have an enabling regulatory framework within the RTB which supports tenants and landlords at the start, middle and end of tenancies; that provides tenants and landlords with easy access to information when they need it; and provides government and society as a whole with oversight of what is happening in the sector.

The rental sector plays a central role in providing good housing options for many tenants, and for many landlords the experience of renting to tenants is good. Data from the RTB shows that, in general, just 1-2% of tenancies result in disputes being referred to them. However, in the context of longer tenancies, more security for tenants, more landlords investing in the sector and more tenants viewing their rented dwelling as a longer term accommodation solution, it is important, where disputes do arise, that they can be dealt with swiftly and effectively. There needs to be confidence that the regulatory framework can deliver where things go wrong, such as tenants not paying rent or landlords not undertaking repairs. Regulation, therefore, should be seen in the context of enabling investment in a professional, efficiently operating sector. This strategy provides for a number of actions to make the regulatory framework more effective.

### **Accelerating Dispute Resolution Timeframes**

The RTB's dispute timeframes have improved significantly over the last number of years, despite the number of case referrals increasing significantly. The average waiting time for a determination order in the cases of adjudications has reduced from 18 months in 2008 to 4 months in 2015. However, this is still a long time for a landlord to go without rent or for a tenant to go without essential repairs being carried out.

The Planning and Development (Housing) and Residential Tenancies Bill 2016, currently before the Oireachtas, will enable the RTB to make some structural changes to reduce these timelines further. These changes include:

- Reducing the time period for appeals. Specifically, the legislation will reduce the time period for a party to appeal to a Tribunal against a determination of an adjudicator from 21 days to 10 working days;
- Allowing the RTB to have one-person, rather than three-person, tribunals for certain types of disputes appeals. The reduction in the number of members of tribunals for these types of cases will enable the RTB to have more tribunals and thereby reduce dispute processing times;
- Enhancing the RTB's dispute resolution powers by restructuring the administration process, so that the issuing of determination orders will now be carried out by the Director, rather than the Board, of the RTB, thereby providing for more efficient processing of RTB determination orders.

### **RTB One Stop Shop – Improving access to information for tenants and landlords**

One of the most common issues raised by landlords and tenants is a desire for improved and easier access to information on their rights and obligations. The regulatory framework for the residential rental sector is very complex and this complexity has grown over the last number of years. One of the most proactive measures that can be taken to prevent disputes is to empower people with knowledge. The vast majority of landlords and tenants want to comply with the law, but they need support in navigating through and understanding the regulatory framework. In 2015, 69% of the notices of termination that came before the RTB were invalid. This demonstrates how much work needs to be done in improving the understanding of the law.

As indicated in *Rebuilding Ireland*, the RTB's role in the future will not just be to register tenancies and provide dispute resolution services, but to focus on expanding its services in providing information to tenants and landlords and supporting them to meet their obligations. The RTB will deliver an on-line

portal for tenants and landlords, providing independent, impartial information on the residential rental sector. In effect, a virtual one stop shop will be created, providing timely and accessible information at the various points of a tenancy where it is most needed, including;

- New to renting – starting a tenancy: what you need to know;
- What to expect during the tenancy – maintenance and inspections; and
- Ending a tenancy – giving notice, changing tenants, dealing with fixed term tenancies.

This will be supported also by the development of model tenancy agreements, checklists and other useful documentation by the RTB.

### **Improving understanding and planning for the residential rental sector**

Despite its growing importance in the housing sector and its key role in facilitating employment and economic development nationally and locally, the rental sector is poorly defined and delineated within national and local authority planning processes for housing and property.

Monitoring and planning for developments within the rental sector is of profound importance from a policy perspective. DHPCLG will work closely with relevant partner bodies and stakeholders, in particular the RTB, to improve planning and housing policy knowledge and understanding of the rental sector in relation to:

- Price developments in rental markets;
- The stock and flows of rental units, including vacancy rates;
- Understanding tenants and landlords, including the dynamics underpinning changes in tenure status for tenants and market entry and exit decisions for landlords;
- The existing and desired spatial distribution of the rental sector; and
- The impacts of policy measures.

### **Simplifying the Law and the Regulatory Framework**

The Residential Tenancies Act, which was enacted in 2004, is a complex piece of legislation. It has been amended a number of times, including significant amendments made by the Residential Tenancies (Amendment) Act 2015. The proposals in this strategy will involve additional amendments which will be particularly complex in respect of Part 4 of the Act. It is important that the implementation of this strategy serves to simplify and clarify the core principles and legislative basis governing the operation of the sector. A specific working group will be established to develop a new, consolidated legislative framework for the sector, with the General Scheme of a consolidated Bill to be developed by end-2017, with drafting and consideration by the Oireachtas following as quickly as possible thereafter.

## **Landlord Voluntary Accreditation Scheme**

The RTB, in an effort to support landlords and improve standards in the rental sector, will offer a voluntary landlord accreditation scheme by which landlords and agents will gain knowledge on best practice, including a comprehensive understanding of the rights and obligations of landlords and tenants. Such accreditation will be voluntary and offered as a service by the RTB, rather than mandatory regulation. The accreditation will show tenants that landlords are professional and offering a quality service and allow landlords to be recognised for the good service being provided. It will also support landlords in their rental business, providing confidence in applying and adhering to the regulatory framework. The role of accreditation courses and Continuous Professional Development or refresher courses for all registered landlords will also be explored.

## **Deposit Protection Scheme**

The Residential Tenancies (Amendment) Act 2015 provides for, among other things, the establishment of a tenancy deposit protection scheme in Ireland to be operated by the RTB. There has been considerable discussion and debate regarding the introduction of such a scheme.

However, a lot has changed in the rental market since this scheme was first envisaged. In the current climate, disputes about deposits are no longer the most common dispute type referred to the RTB; in fact, deposit retention is now the third most common (22%) dispute type referred to the RTB, behind invalid notice of termination (23%) and rent arrears and over holding (32%). In addition, the scheme was originally intended to be financed based on the interest payable on deposits, but this is no longer viable in the current market.

The immediate pressures in the market are now systemic in nature - protecting and encouraging supply, and moderating unsustainable rental inflation. While the Government is fully committed to the principle of ensuring effective protection for deposits, the current legislative provisions will be reviewed to take account of the changed circumstances and determine what improvements should be made to the current model to ensure the scheme, when introduced, can operate effectively, responding more dynamically and flexibly to the needs of tenants and landlords.

## **Provide for an adequately resourced RTB as its role evolves**

Recent legislation and measures to be implemented under this strategy mean that some changes and additions to the functions of the RTB will be necessary. The RTB will need additional resources to fulfil its expanded and evolving role. The resource requirements will be assessed as the new operating structures and procedures are designed and the current funding arrangements will be reviewed to ensure that the RTB is adequately and sustainably resourced to carry out its functions effectively and efficiently.

# APPENDIX ONE

## Summary of Actions

Action No.	Description	Objective	Timeline	Owner
<b>SECURITY</b>				
1	We will introduce a Rent Predictability measure to stabilise rent levels in areas of high demand	To increase security of tenure in the current period of market imbalance, while also ensuring that new supply is not adversely affected	Immediate	DHPCLG
2	We will provide for a fast track process for effective termination procedures in cases of non-payment of rent	To reduce the time taken to repossess a property when a tenant is not complying with their obligation to pay rent	Q4 2017	RTB/ DHPCLG
3	We will introduce tenancy in-situ requirements in cases of multiple units in a single development being sold at the same time	To provide security of tenure for tenants during sales of multiple units in single developments and avoid recurrence of the Tyrrelstown case	Immediate	DHPCLG
4	Through engagement, we would encourage banks and landlord borrowers to agree sustainable solutions to buy-to-let arrears	To protect tenancies and ensure, where possible, that debt encumbered buy-to-lets are not lost to the rental sector	Ongoing	Banks and Landlords
5	We will examine the scope for amending legislation to provide for greater protection of tenants' rights during the receivership process	To protect the rights of tenants during receivership processes by ensuring that persons appointed as receivers will be required to fulfil the obligations of a landlord	Q4 2017	DHPCLG/ DJE/DFin/ DJEI/AGO
6	We will improve the enforcement of Determination Orders issued by the RTB	To reduce losses to compliant landlords and tenants, improve incentives to register with the RTB and lower the perceived risks of investing in the rental sector	Q1 2017	RTB

Action No.	Description	Objective	Timeline	Owner
7	We will encourage longer term lettings by amending standards regulations to allow for unfurnished lettings, as in other jurisdictions, in the case of long leases	To provide incentives for landlords to offer long term leases, encouraging a transition to a model of long term rental options for households	Q2 2017	DHPCLG
8	We will amend the Residential Tenancies Act to provide for 6 year tenancies as part of a transition to tenancies of indefinite duration	To end the concept of "Part 4" (4-year) tenancies and commence transition to tenancies of indefinite duration, subject to the landlord's rights under section 34 of the RTA	Immediate	DHPCLG

**SUPPLY**

9	We will establish a Working Group on Tax and Fiscal treatment of rental accommodation providers	To examine and report on the tax treatment of landlords and put forward appropriate options having due regard to the role of landlords in a properly functioning rental market	Q1 2017 (establish working group)	DFin/ DHPCLG/ other stake- holders
10	We will request local authorities in whose area rent pressure zones have been designated to use publicly owned sites for the provision of rental accommodation	To kick-start supply in rent pressure zones with a specific focus on leveraging site value to accelerate supply for middle income households	Q1 2017	DHPCLG/ LAs
11	We will amend the Planning Acts to give local authorities specific responsibility to plan for the provision of rental accommodation in their functional areas as part of the Development Plan process	To ensure that appropriate levels, types and locations of rental accommodation are planned for and promoted in line with the specific needs of the different parts of each local authority area	Q3 2017	DHPCLG/ LAs
12	We will support the development of a Not for Profit Rental Sector through expanding the capacity of existing providers and encouraging new entrants to the sector and establish an expert group to develop proposals for a cost rental model for Ireland	To increase supply of rental accommodation for middle income households by enabling existing AHBs to grow their portfolios and ensuring new capacity is developed and attracted into Ireland	Expert Group to report by Q4 2017  Ongoing to 2021	DHPCLG/ AHBs/ LAs /HFA

## Appendices

Action No.	Description	Objective	Timeline	Owner
13	We will continue to develop a supportive regulatory and policy framework for “build to rent” through appropriate guidelines and use of pathfinder sites	To increase new supply of private rental stock through “build to rent” schemes	Ongoing	DHPCLG/ LAs
14	We will work with the financial sector (the banking sector, the Ireland Strategic Infrastructure Fund & Housing Finance Agency) to increase awareness of and support investment opportunities in the rental market, including measures to support investment in the upgrade of vacant stock as part of the National Vacant Housing Re-use Strategy	To support wider investment opportunities in the rental sector, including, where appropriate, through specific credit availability	Q1 2017	DHPCLG/ DFin/ BPF/ CBI
15	We will take a range of actions to accelerate development of student housing	To support the rapid development of purpose-built student accommodation, reducing pressure on the mainstream rental sector	Q2 2017 (strategy)  Ongoing	DES/HEA/ DHPCLG/ HFA/LAs
16	We will accelerate the national roll-out of the “repair and lease” and “buy and renew” schemes	To bring back into use vacant properties for families in need of social housing, relieving pressure on the wider rental sector	Q2 2017	DHPCLG/ LAs
17	We will examine the treatment under the NHSS’s (Fair Deal) financial assessment of income from the rental of a person’s principal private residence where they move into long-term residential care	To explore the potential for vacant accommodation to be brought into active use	Q1 2017	DHPCLG/ DHealth
18	We will provide clarity in relation to the appropriate regulatory approach, from a planning perspective, for short term tourism-related lettings	To address unintended consequences of short term lettings, including withdrawal of supply from the rental market	Initial guidance to LAs – immediate  Working Group Report Q2 2017	DHPCLG / LAs

Action No.	Description	Objective	Timeline	Owner
19	We will undertake analysis to benchmark housing delivery costs	To support the delivery of housing at competitive prices	Q2 2017	DHPCLG/ HA

### STANDARDS

20	We will introduce new regulations governing standards in rental accommodation and issue guidelines	To bring the regulations into line with modern standards and provide guidance for local authority inspections		DHPCLG
21	We will take measures to increase inspection coverage and strengthen compliance, including through specific ring-fenced funding and annual inspections targets	To improve quality of rental accommodation and ensure a more pro-active approach to inspection and enforcement at local level	Q2 2017	DHPCLG/ LA's
22	We will develop a more efficient and effective approach to inspections, through a shared services model	To increase efficiency, transparency and standardisation in inspection and enforcement across all local authority areas	Q4 2017	DHPCLG/ LGMA/ LAs

### SERVICES

23	We will accelerate dispute resolution timeframes	To reduce the time taken to resolve disputes by improving the efficiency of the RTB's tribunals and appeals processes	Q4 2017	DHPCLG/ RTB
24	We will establish an online RTA One Stop Shop	To provide timely and accessible information to landlords and tenants on their rights and obligations	Q2 2017	RTB
25	We will work with relevant partner bodies to improve planning and housing policy knowledge and understanding of the rental sector	To inform policy development and understanding of trends in rental markets and the impacts of policy measures	Ongoing	DHPCLG/ RTB/HA/ ESRI/ CSO
26	We will simplify the regulatory framework for the rental sector	To simplify and clarify the core principles and legislative basis governing the operation of the sector	Q4 2017 (General Scheme)	DHPCLG/ RTB/LAs

## Appendices

Action No.	Description	Objective	Timeline	Owner
27	We will offer a voluntary landlord accreditation scheme on best practice, a comprehensive understanding of the rights and obligations of landlords and tenants. This will be offered as a voluntary service by the RTB rather than mandatory obligation	To support landlords in their rental business, providing confidence in applying and adhering to the regulatory framework	Q3 2017	RTB
28	We will review the current legislative provisions for Deposit Protection	To provide for a more effective system of deposit protection taking account of the changed circumstances and determine what improvements should be made to the current model to ensure the scheme, when introduced, responding more dynamically and flexibly to the needs of tenants and landlords	Q4 2017 (within General Scheme under Action 26)	DHPCLG/ RTB
29	We will ensure that the RTB is adequately resourced as its role evolves	To ensure that the RTB can plan for the provision of quality services to landlords and tenants over a medium term horizon, taking account of existing and new functions	Ongoing	DHPCLG/ DPER/ RTB

# APPENDIX TWO

## Profile of the Rental Sector

An increasing number of households now rent their homes. Census data shows that when Social Housing tenants are included, close to 30% of households nationally rent their accommodation, and in some urban areas the proportion renting can be as high as 80%.

In the region of half a million households in Ireland currently rent their accommodation. The majority of these households rent privately (over 320,000), with a further 130,000 renting from a local authority and close to 30,000 households renting from an Approved Housing Body. Overall in the period between 2006 and 2011 the proportion of the population renting their accommodation grew by one third. Data from the RTB shows that the number of registered tenancies has continued to grow up to the present.

Tenure choices have changed over the years. In 1946, over two-fifths of households rented their homes, but this dropped to less than one-fifth by 1991. Since then, the private rented sector, in particular, has grown rapidly; between 2006 and 2011 its share of total housing grew by over 70%.

**Table 1: Tenure types as a percentage of total number of households, 1946–2011**

Year	Owner-Occupied	Private Renting	Social Renting	Other
1946	52.6	26.1	16.5	4.7
1961	59.8	17.2	18.4	4.6
1971	70.8	10.9	15.9	2.4
1981	74.7	10.1	12.5	2.6
1991	80	8.1	9.8	2.1
2002	79.8	11.4	7.1	1.7
2006	77.2	11	10.3	1.5
2011	70.8	18.8	8.9	1.6

Census, various years

It is clear that Ireland's tenure mix, while still dominated by home ownership, is moving closer to that of other EU countries. The ownership-rental mix is now closer to the EU average of approximately 70:30.

## Appendices

Landlords register their tenancies with the Residential Tenancies Board (RTB). Currently over 170,000 landlords are registered, which includes more than 320,000 tenancies accommodating over 700,000 occupants.

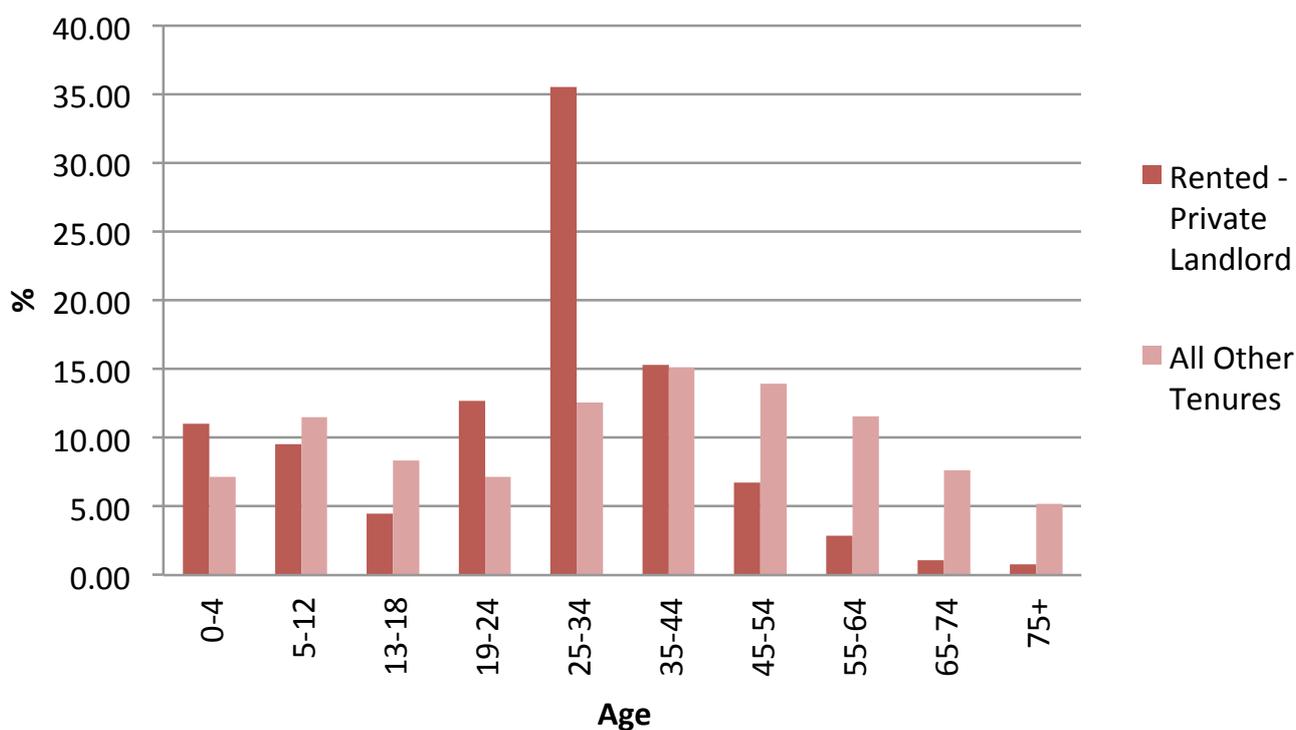
**Table 2: Number of landlords, tenants and tenancies**

Year	Landlords	Tenants	Tenancies
PRTB 2011	182,800	554,567	260,144
PRTB 2012	212,306	593,382	264,434
PRTB 2013	179,026	457,208	282,918
PRTB 2014	160,160	643,330	303,574
RTB Q3 2016	174,158	705,183	324,222

RTB, various years

Census data from the CSO shows that the age profile of members of households renting in the private market is very different to that found among other tenure types, being generally younger. A notable exception is the relatively low number of teenage children living in renting households, which is perhaps explained by the fact that many renting households have formed or migrated to Ireland in the last 12 years.

## Age of Occupants by Tenure

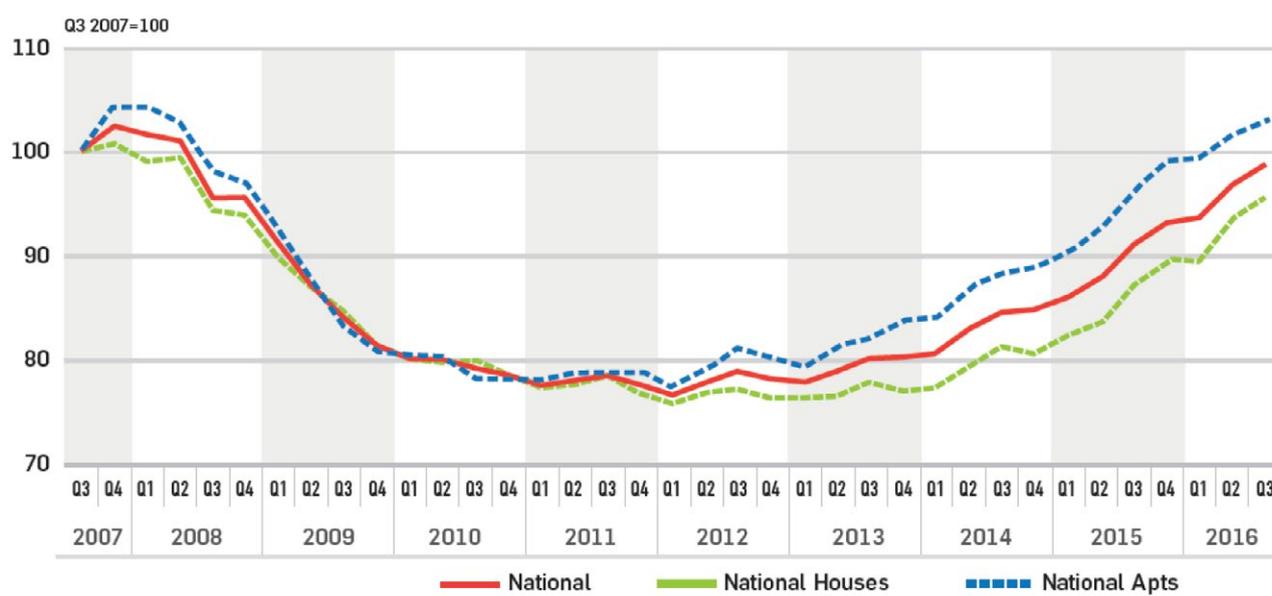


The census also recorded that circa 44% of renting households in 2011 were headed by a non-Irish national. This high proportion is not replicated in other forms of tenure; in excess of 95% of households which are owned outright and 93% of households which are owned with a loan or mortgage have an Irish national as the census respondent.

## Rental Trends and policy responses to date

The Rent Index produced by the RTB tracks rent levels using information collected as new tenancies are registered. One of the key trends in recent years has been the increase in rent levels across the country, as can be seen in Figure 1. It shows that rents peaked at the end of 2007 and then fell sharply to their trough at the beginning of 2012. Rents began to increase again from 2013 onwards, with much of this initial growth in the Dublin area.

### RTB Rent Index to end September 2016 – National



Source: RTB Data

In light of these considerable rent increases, new rent certainty measures were introduced in December 2015. Rent now can only be reviewed once every two years and the notice period of rent review was extended from 28 days to 90 days. Landlords have to provide details of 3 similar properties in the area, to demonstrate to tenants that new rent reflects the local market.

Notice periods for both landlords and tenants were extended in respect of termination of longer term tenancies – up to 224 days for landlords and 112 days for tenants - and stronger verification procedures are now in place where the landlord ends a tenancy in order to sell or refurbish a property.

Free mediation was introduced by the RTB in 2016 to help resolve disputes quickly and efficiently as well as new measures to ensure both tenants and landlords know more about their rights and responsibilities.

## Appendices

The Planning and Development (Housing) and Residential Tenancies Bill 2016, currently before the Oireachtas and due to be enacted before the end of the year, will introduce further significant changes in relation to security of tenure. The Bill provides for measures to prevent a future recurrence of situations where large numbers of residents in a single development are simultaneously served with termination notices, providing, specifically, that the landlord may not terminate a Part 4 tenancy on the grounds that he wishes to sell a dwelling where the sale involves multiple units being sold, at the same time, in the same development. In addition, the Bill provides for the abolition of a landlord's right, during the first 6 months of a further Part 4 tenancy, to terminate that tenancy for no stated grounds.

# APPENDIX THREE

## Rent Predictability Measure – How it Works

### Summary

Areas where rents are high and rising quickly will be identified and designated as Rent Pressure Zones (RPZ). In these areas annual rent increases will be limited to 4%. This limitation will remain in place for a maximum period of three years (which cannot be extended) and will apply both when rents are set at the start of a tenancy and when rents are reviewed during an ongoing tenancy.

Properties that are new to the rental market or that have been substantially refurbished will be exempt. If rental market conditions improve in the area, the designation of the area as an RPZ can be lifted.

The measure will provide certainty to both tenants and landlords. It will allow reasonable growth in rents while preventing the instability and uncertainty caused by the volatility seen over the recent past.

The time-bound nature of the measures (3 years) and the exemptions for properties that are new to the rental market are designed to prevent negative impacts on the supply of new rental units in areas of high demand.

### How it works

#### Designating a Rent Pressure Zone

- The Housing Agency, in consultation with the relevant Local Authority, proposes that an area be designated as an RPZ.
- The Minister then requests the RTB to prepare a report indicating – based on the rent price data which the RTB collects and uses to compile the quarterly RTB Rent Index – whether the criteria for designation as an RPZ are satisfied.
- The criteria for the designation of an area as an RPZ are whether, in the area concerned:
  - annual rent inflation has reached or exceeded 7% in four of the last six quarters; and
  - the average rent in the most recent quarter is above the national average rent.
- If the RTB confirms to the Minister that these two criteria have been met, the Minister will then make an order designating the area.
- The order designating an RPZ will have effect for a maximum of 3 years.

### Areas to be designated

- Immediately on enactment, the following areas will be designated as RPZs, as they already meet the criteria –
  - Dublin (i.e. the administrative areas of the 4 Dublin local authorities);
  - The Cork City Council administrative area.
- Additional local authority areas may be proposed for designation over time, subject to the criteria for designation being satisfied. In due course, subject to the availability of more refined area-based rent data, areas smaller than local authority areas, such as local electoral areas, where significant localised rent pressures are being experienced, may be considered for designation.

### Rent setting

- The effect of an order designating a Rent Pressure Zone will be that annual rent increases in that area will be limited to 4% for a maximum of 3 years.
- The limitation will apply to rents set for new tenancies and to rent reviews within tenancies.
- When issuing a notice of rent increase to the tenant, the landlord will include information demonstrating that the rent increase is in line with the legislation (i.e. not more than 4% p.a. for the period since the rent was last set).
- If the tenant feels that the rent set is not in line with the legislation, they may refer the matter to the RTB for a determination.
- Where an area is designated as a Rent Pressure Zone, the 4% p.a. limit will apply to all notices of rent increase issued from the date of designation.

### Exemptions

- Certain rental properties within a Rent Pressure Zone will be exempt –
  - those that are new to the rental market (i.e. they have not been rented at any time in the last two years), and
  - those that have been substantially refurbished in the last two years.
- Where a property is exempt from the measure, the landlord in issuing a notice of rent increase to the tenant will include information justifying the exemption.
- If the tenant feels that the conditions for the exemption are not met, they may refer the matter to the RTB for a determination.
- In addition, the provisions introduced in November 2015, whereby rent can only be reviewed every two years, will cease to apply in a Rent Pressure Zone when the next two-year review takes place – thereafter, annual rent reviews will apply.
- The two-year rent review arrangements will continue to apply in other areas until the 2015 provision expires in 2019.

### **Suspension of Designation of a Rent Pressure Zone**

Where the rental market has stabilised and the balance between supply and demand has improved, the Housing Agency, in consultation with the relevant Housing Authority, may recommend to the Minister that the designation of a particular area be lifted (before the expiration of the 3 year rent pressure zone period). The Housing Agency will make its recommendation on the basis of an assessment of the rental market conditions in the area concerned.

# NOTES

# NOTES

# NOTES



