

Landlord and Tenant Experiences of Rent Pressure Zone Measures

Coyne Research
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1. Introduction

In December 2016, Rent Pressure Zones (RPZs) came into effect with a view towards moderating rent prices in areas “where rents are highest and rising and where households have greatest difficulties in finding accommodation they can afford”.

Since the introduction of these measures, the number and reach of RPZs has increased. However, there has been a certain degree of debate within the media and public discourse, largely centred around the successful implementation of RPZs and whether they are having the desired impact.

It was important then for the Residential Tenancies Board to develop their understanding of the experiences of both tenants and landlords affected by RPZs in order to evaluate the success of recent initiatives and inform strategy and decision making going forward.

In 2018, Coyne Research were commissioned to design and execute a research programme in order to assist in developing this understanding.

2. Research Objectives

While there has been a lot of debate as to whether or not RPZs are having the desired impact in terms of dampening the growth of rents, in reality the measures have not been in place long enough to carry out a quantitative analysis of their impact.

The key objective of this research was to provide some insight into the first-hand experiences of tenants and landlords impacted by RPZs, and therefore serve to provide an accurate qualitative picture of what is happening in RPZs.

There were a number of more specific sub-objectives, including the following:

- ▶ To explore tenant-landlord relationships within RPZs and satisfaction with these relationships amongst each group.
- ▶ To understand feelings of security in tenancies amongst tenants renting in RPZs, and familiarity with rights and responsibilities amongst both tenants and landlords.
- ▶ To understand perceptions amongst tenants and landlords around how their current rent compares with the market average.
- ▶ To explore awareness, understanding and perceptions of RPZs and associated restrictions amongst tenants and landlords.
- ▶ To understand likelihood to avail of the RTB's Dispute Resolution Process.

3. Research Approach and Methodology

Given that the key objective was to provide some insight into the first-hand experiences of those impacted by RPZs, the research methodology was principally based around a series of qualitative in-depth interviews with tenants and landlords (Phase One).

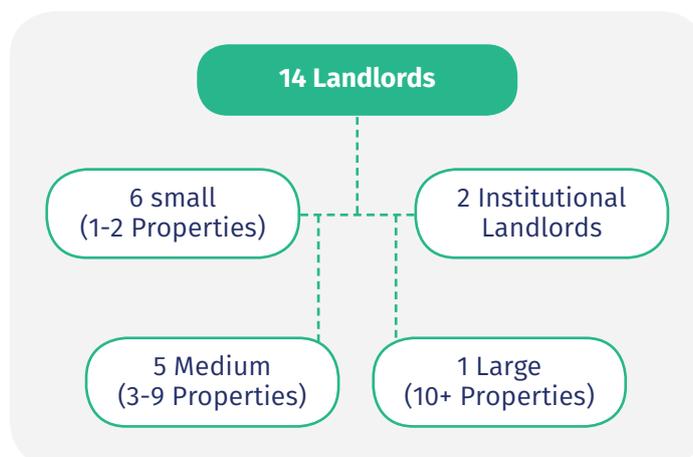
Subsequent to this, a quantitative survey element was also conducted in order to provide quantitative indicators to complement the qualitative insights (Phase Two).

Phase One – Qualitative Research

As part of the first phase of research, 31 in-depth interviews were conducted via telephone amongst both tenants and landlords living and renting in Rent Pressure Zones.

17 tenants were interviewed – with a spread of those from different regions, social classes and a mix of those who had begun their tenancy before the introduction of RPZs and those who had done so since then.

14 landlords were interviewed – with a mix of “small”, “medium” and “large” landlords, as well as 2 representatives from “institutional” landlord companies.



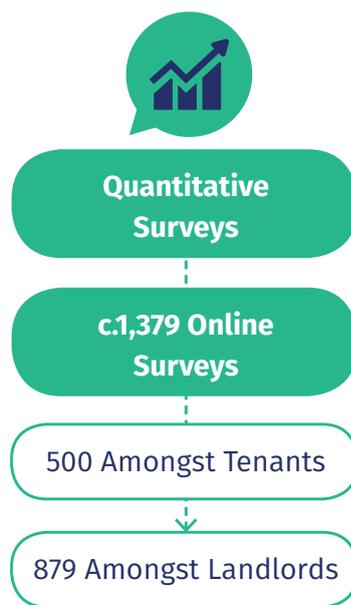
Phase One was conducted between the 21st of August and the 19th of October 2018.

Phase Two – Quantitative Research

Phase Two consisted of an online survey conducted amongst both tenants and landlords.

A sample size of 500 tenants was achieved via online panels – all were currently renting from a private landlord, as Approved Housing Bodies and Local Authority tenants are not subject to RPZ measures and have different rental systems.

The sample of tenants included a spread across age and region which is in line with the most recent CSO census data, and a spread across RPZ and non-RPZ residents which is in line with the Residential Tenancies Board’s data. The profile of the tenant sample in this respect is outlined below.



Age		Region		In/Outside RPZ	
18-24	8%	Dublin	38%	In RPZ	55%
25-34	40%	Rest of Leinster	19%	Outside RPZ	45%
35-44	30%	Munster	25%		
45-54	13%	Conn/Ulster	18%		
55+	9%				

The Residential Tenancies Board’s own database was used to contact landlords. There were invited to participate via email invite, which resulted in a response rate of 15%.

A sample size of 879 landlords was achieved, mainly focussed on those with property in RPZs, but with a proportion of those without property in RPZs included to allow for comparisons. This sample comprised of 775 landlords with at least one rental property inside RPZs, and 104 landlords with no rental property inside RPZs.

A profile of these two groups in respect of the number of tenancies they currently have in place, and the regions in which they have rental properties, is outlined below.

No. of Tenancies:	Landlords with property in RPZs	Landlords with no property in RPZs	Location of properties:	Landlords with property in RPZs	Landlords with no property in RPZs
1	53%	55%	Dublin	85%	0%
2	15%	16%	Rest of Leinster	7%	53%
3-5	23%	21%	Munster	10%	38%
6+	9%	8%	Connaught/Ulster	8%	15%

Phase Two was conducted between the 19th of October and the 12th of November 2018.

It should be noted that in the case of tenants and landlords, a purposive sampling approach was used and the results / viewpoints that responded to the survey and may not represent the overall tenant / landlord population.

4. Research Findings

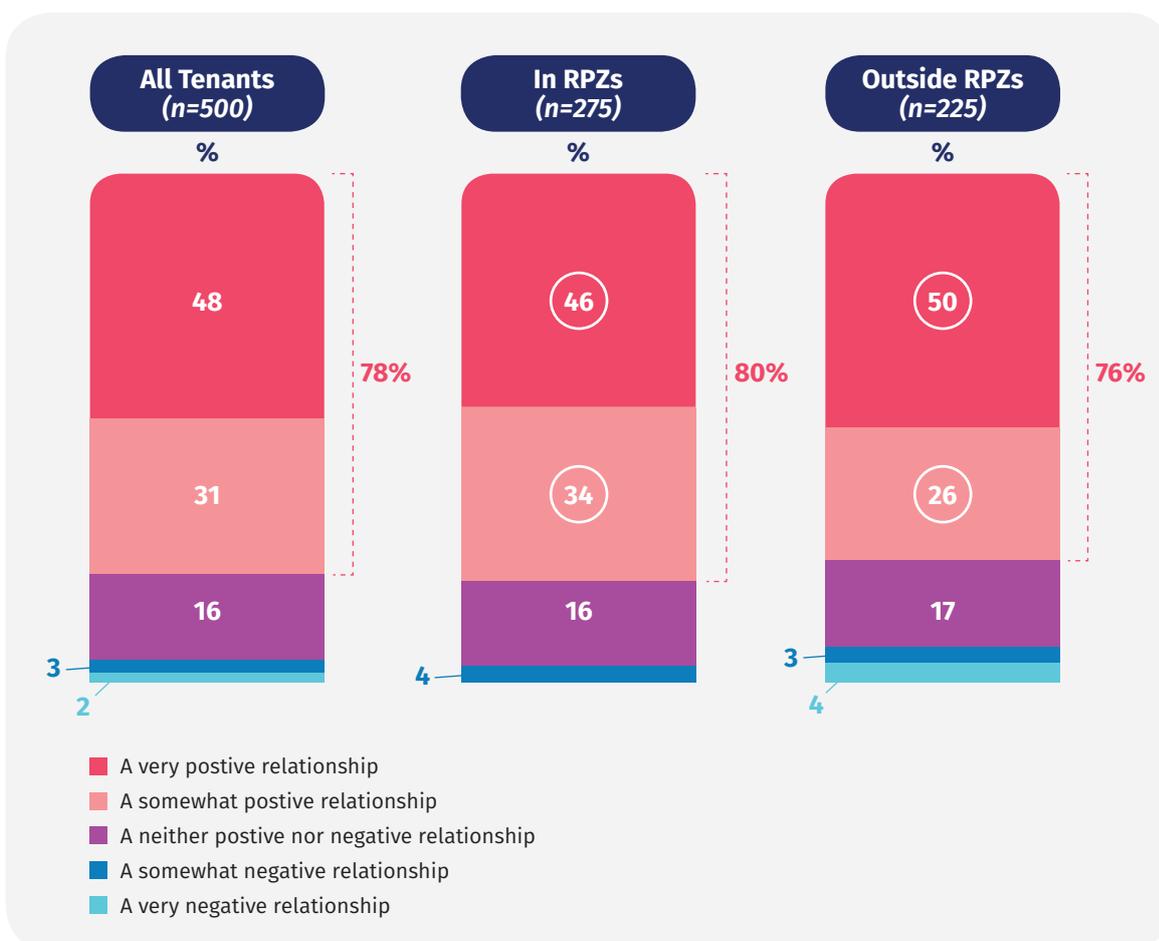
The research yielded insights across a number of areas. Outlined in this section are six key findings, taking into account the data collected from both tenants and landlords in both phases of research.

4.1 High levels of satisfaction in terms of tenant-landlord relationships

Both the qualitative and quantitative elements of the research indicate that the vast majority of tenants in Rent Pressure Zones believe they have a positive relationship with their landlord; 80% classify their relationship with their landlord either as “very positive” (46%) or “somewhat positive” (34%).

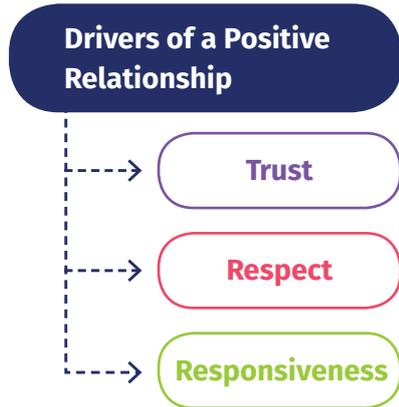
This classification is very similar outside of RPZs, with 50% classifying the relationship as “very positive” and 26% as “somewhat positive”.

Figure 1: Classification of relationship with landlord by tenants



The qualitative element of the research allowed for exploration and probing as to what drives a positive tenant-landlord relationship among participants in the qualitative interviews. From the point of view of tenants, the three key drivers appear to consist of:

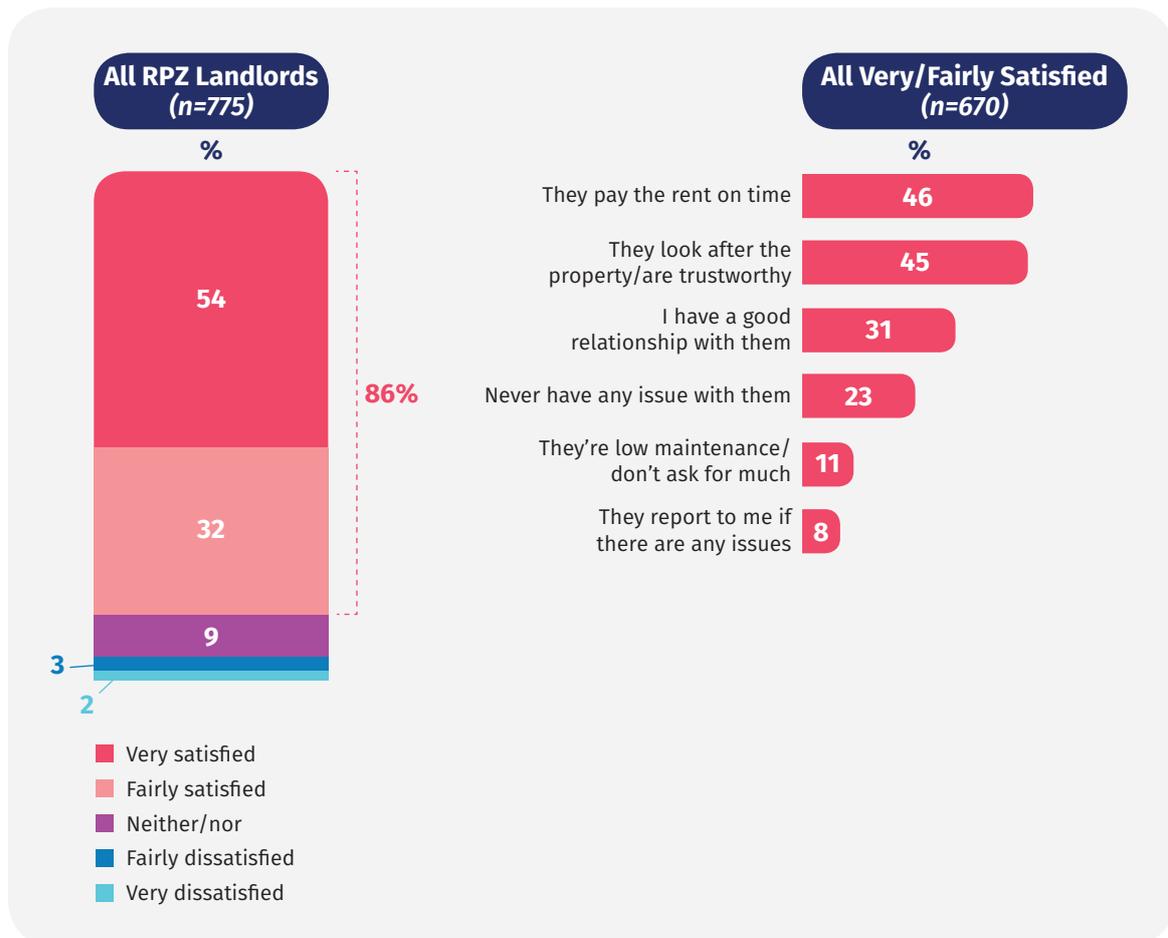
- ▶ **Trust** that the landlord will treat the tenant fairly.
- ▶ **Respectful** interactions around maintenance, inspections, lease renewals etc.
- ▶ **Responsiveness** to tenants' requests to fix problems or queries.



Similarly, the majority of landlords operating in RPZs display high levels of satisfaction with their tenants. Over half of RPZ landlords (54%) claim to be “very satisfied” with their current tenants, while a further 32% claim to be “fairly satisfied”.

Satisfaction from landlords with their tenants is mainly driven by regular and timely payment of rent, and trust that the tenant is taking care of the property, as displayed in Figure 2.

Figure 2: Satisfaction amongst RPZ landlords with current tenants and reasons for satisfaction



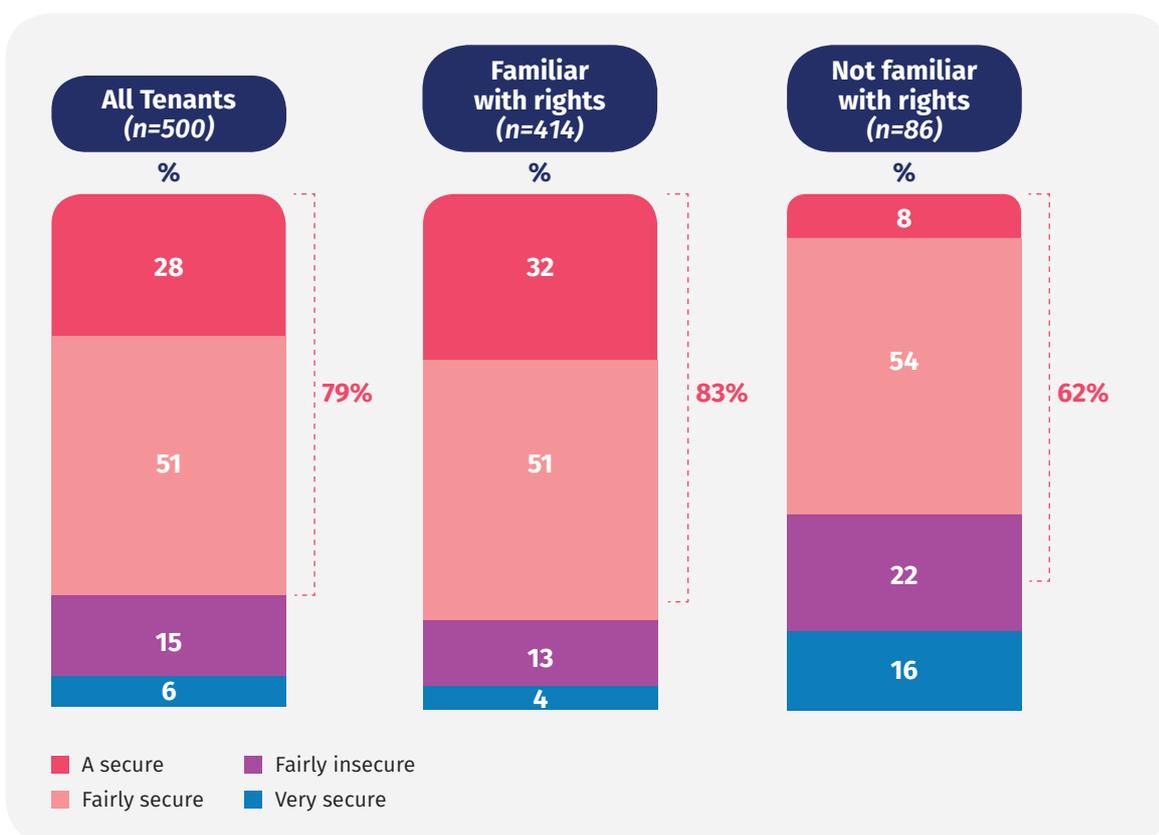
4.2 Feelings of security amongst tenants vary according to familiarity with rights

In the quantitative research, half of all tenants (51%) indicate that they feel “fairly secure” in their tenancy, with a further 28% “very secure”.

Security in tenancy appears to differ more according to familiarity with rights, rather than location. Those with lower familiarity with their rights are significantly less likely to feel secure. Amongst tenants who classify themselves as either “very familiar” or “somewhat familiar” with their rights and responsibilities as tenants, 32% feel “very secure” in their tenancy, whereas amongst those with little or no familiarity with their rights just 8% feel “very secure”¹.

This self-classification of “familiarity” with rights does not necessarily indicate actual familiarity with rights when we consider that 45% of RPZ tenants who classified themselves as “familiar” with their rights were not aware of the restrictions associated with RPZs. However, it does indicate that a feeling of familiarity with rights correlates with a sense of security in tenancy.

Figure 3: *Feeling of security in tenancy*

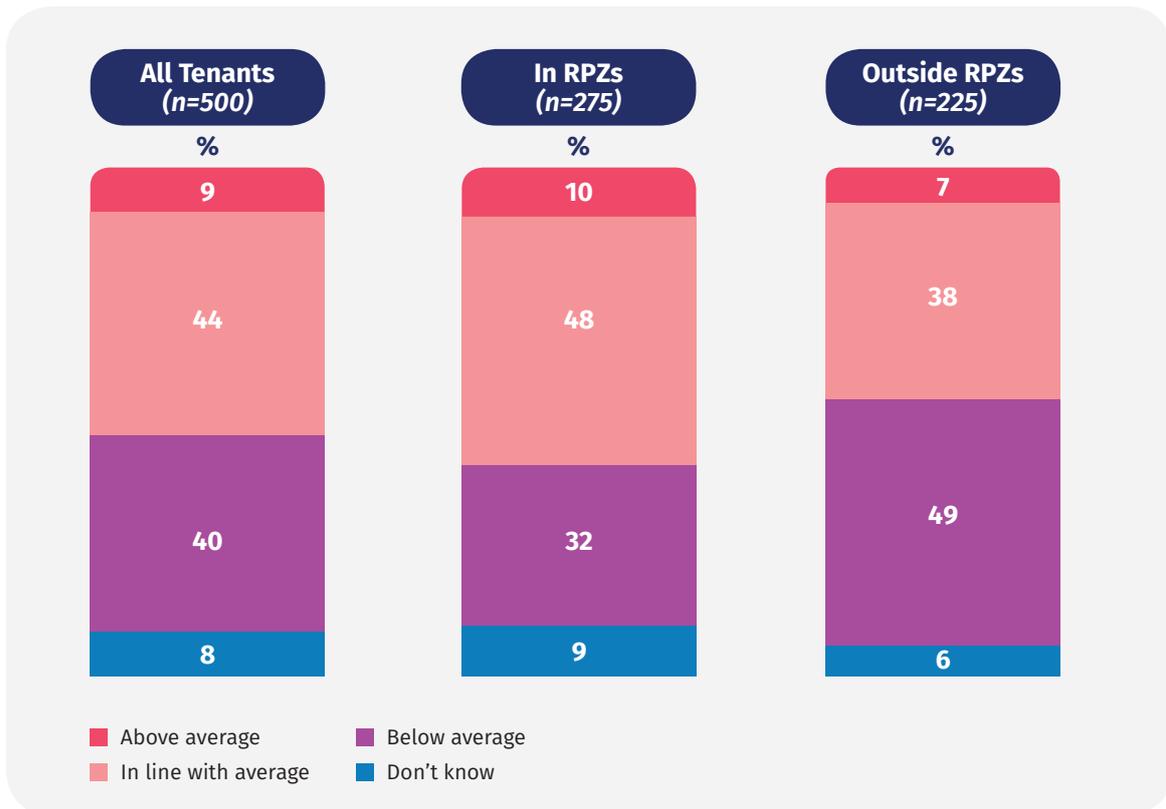


¹ Tenants were asked to classify themselves as either “very familiar”, “somewhat familiar”, “not very familiar” or “not at all familiar” in response to the question “How familiar would you say you are regarding your rights and responsibilities as a tenant when it comes to notice periods, rent increases, deposits etc.?”

4.3 Evidence of discrepancy regarding perceptions of rent charged versus actual market average

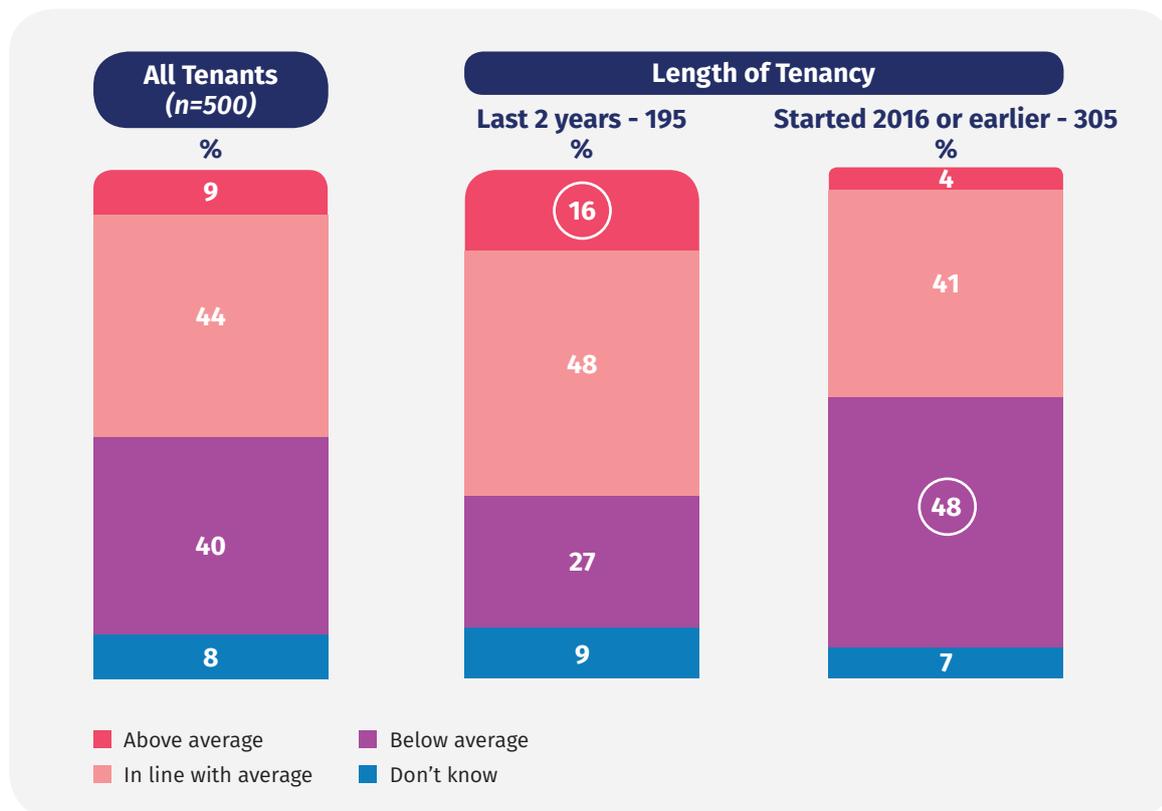
There is a perception amongst a large proportion of tenants (40%) that they are paying below-market-average rent, while a similar proportion (44%) believe they are paying in line with the market average. Just 1 in 10 (9%) believe they are paying above the market-average rent. The proportion of those in RPZs who believe they pay below-market-average rent is lower, but still represents a substantial proportion (32%).

Figure 4.1: Perception among tenants of their rent versus “similar properties in the same area” x RPZ/Outside RPZ



This could also be related to the length of time tenants have been in the property. Generally, those residing outside RPZs had longer tenancies than those residing inside. We see similar figures when we split the sample of tenants into recent (started in 2017 or 2018) and longer-term tenants (started in 2016 or earlier).

Figure 4.2: Perception among tenants of their rent versus “similar properties in the same area” x length of tenancy



The perception amongst landlord differs somewhat from the perception of tenants. A substantial majority of landlords in RPZs (77%) believe they are charging below-market rent, while less than 1% believe they are charging above. This perception is only slightly less prevalent amongst landlords who operate exclusively outside of RPZs; 70% of this group believe they charge below market rents.

Figure 5: Perception among landlords of rent charged versus “similar properties in the same area”



Evidently, there is a perception amongst the majority of landlords (upwards of 70%), and a large proportion of tenants (40%), that the rent that they are charging/being charged is lower than the “average”. Findings from the qualitative research would indicate that this is having an impact on both groups:

- ▶ For tenants, this perception, paired with a lack of understanding around whether RPZ restrictions apply to both new and existing tenancies, mean that many tenants perceive themselves to be “stuck” in their current rental property due to current market conditions.

*“When I’m looking on Daft there’s nothing that I’d be able to afford, so I need to stay here as long as I can.” - **Tenant***

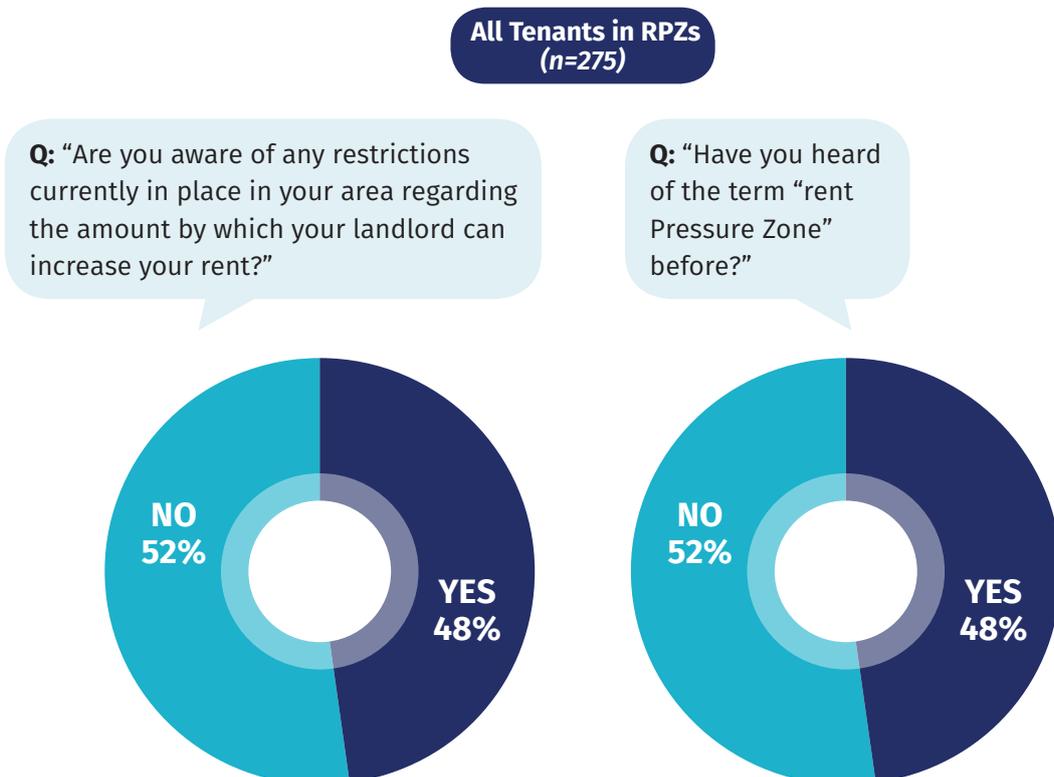
- ▶ For landlords, this contributes to frustrations and anger around the introduction and enforcement of RPZ restrictions.

*“A lot of landlords like myself would have given good rent rates to good tenants. Then we ended up trapped with this legislation because you can’t up the rent.” - **Landlord***

4.4 Limited awareness of RPZs among tenants; frustrations re. RPZs evident among landlords

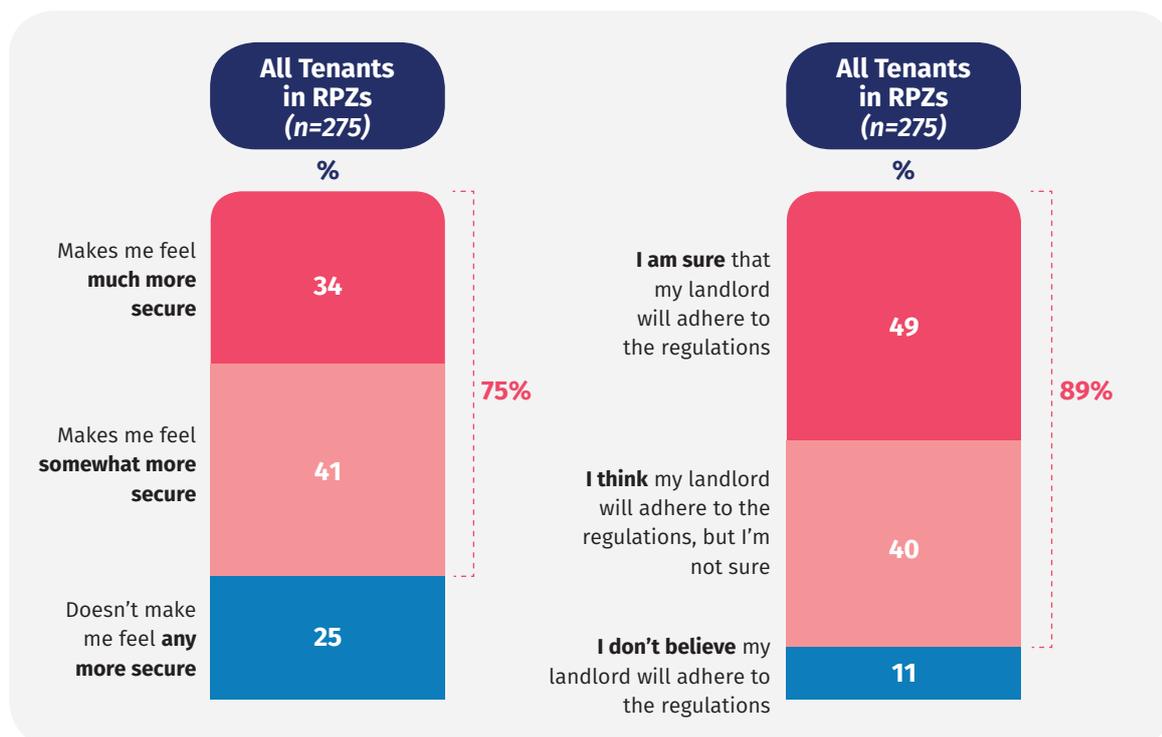
Roughly half of tenants within Rent Pressure Zones (48%) are aware that there are restrictions in place around rent increases in their area. An identical proportion (48%) are aware of the term “Rent Pressure Zones”, although these are not exactly the same groups of tenants.

Figure 6: Perception of rent versus “similar properties in the same area”



The claimed impact of RPZ restrictions is high amongst tenants; once prompted with an explanation 3 in 4 RPZ tenants (75%) responding to the quantitative survey claim it makes them feel more secure in their tenancy. Additionally, trust that landlords will adhere to the regulations is high; half are “sure” their landlord will adhere (49%), while 40% “think” they will. These figures indicate that while there is limited awareness of RPZs, they do appear to have a positive impact once tenants are made aware of them.

Figure 7 & 8: Impact of RPZs on feelings of security & trust that landlord will adhere to regulations



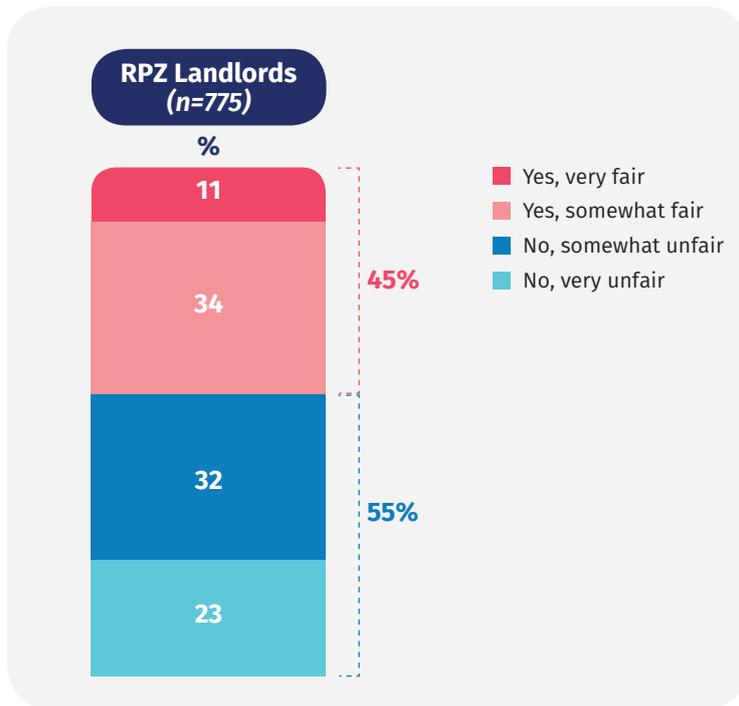
Through both elements of the research, strong frustrations are evident amongst landlords concerning RPZs and the associated restrictions. This frustration was apparent in the qualitative interviews; many landlords complained about being stuck in a situation where they are charging below-market rent due to having offered favourable rents in the past, and some lament their inability to get the full value from their property.

“I was the opposite to a terribly bad landlord I was a terribly good landlord, and I have gotten kicked in the teeth for that now.” - Landlord

“When I want to sell this house, next March, if I am selling to an investor the first thing they will ask is what is the going rate. Straight away the price I will get for my asset is negatively impacted.” - Landlord

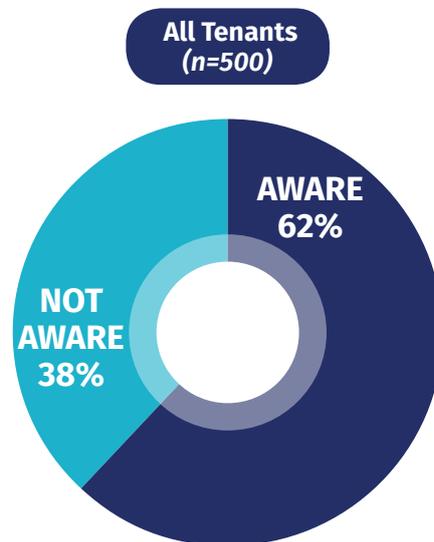
Further evidence of this frustration can be seen in the quantitative results, where the majority (55%) believe that RPZ restrictions are unfair.

Figure 9: Perceived fairness of RPZ restrictions to “both landlords and tenants”



4.5 Willingness to use dispute resolution among tenants, cynicism evident among landlords

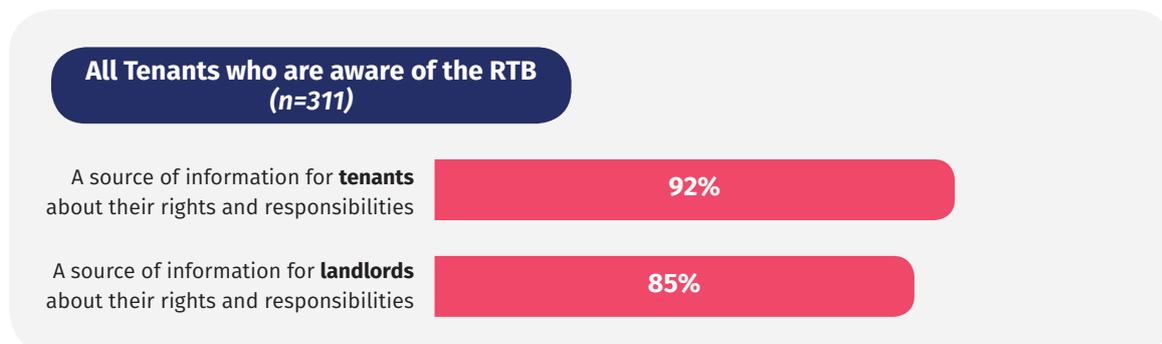
Figure 10: Awareness of the Residential Tenancies Board



The majority of tenants (62%) are aware of the Residential Tenancies Board. However, qualitative interviews suggest that understanding of the exact nature of its services is limited amongst many. The interviews suggest that most tenants are unlikely to seek out information about their rights and obligations as tenants unless they are in some sort of dispute or experience some other trigger to want to inform themselves.

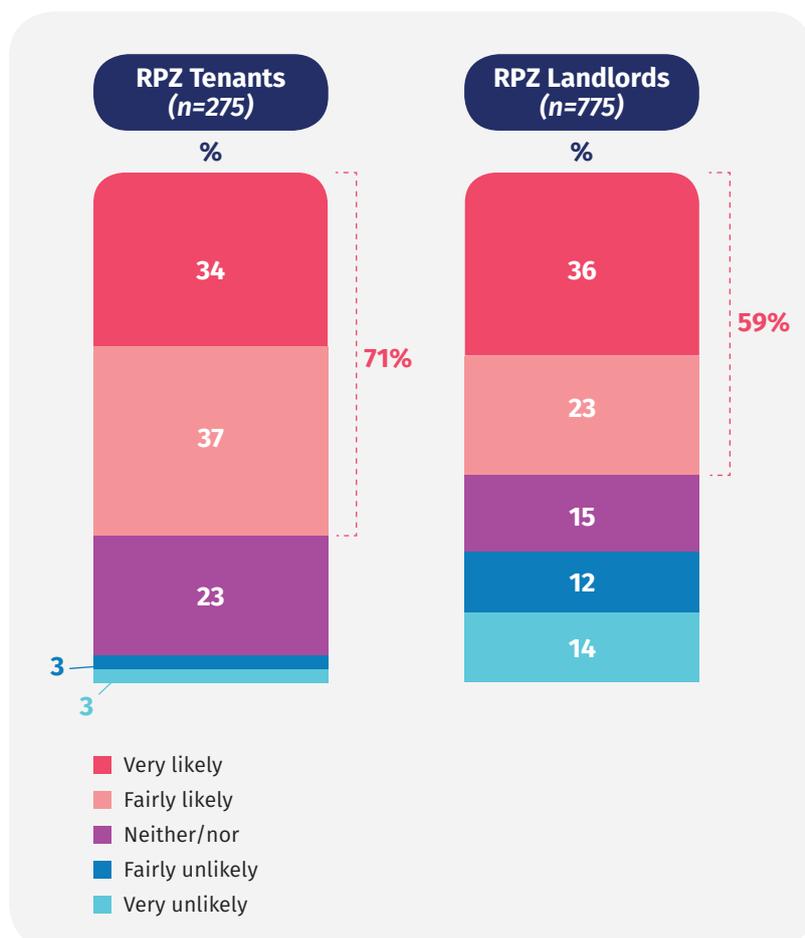
There also appears to be a misunderstanding amongst a minority that the RTB either mainly or exclusively seek to provide information and support to tenants, rather than landlords. This is evidenced in the fact that, amongst tenants who are aware of the RTB, a higher proportion recognise them as a source of information for tenants (92%), than for landlords (85%)

Figure 11: Functions of the RTB previously aware of



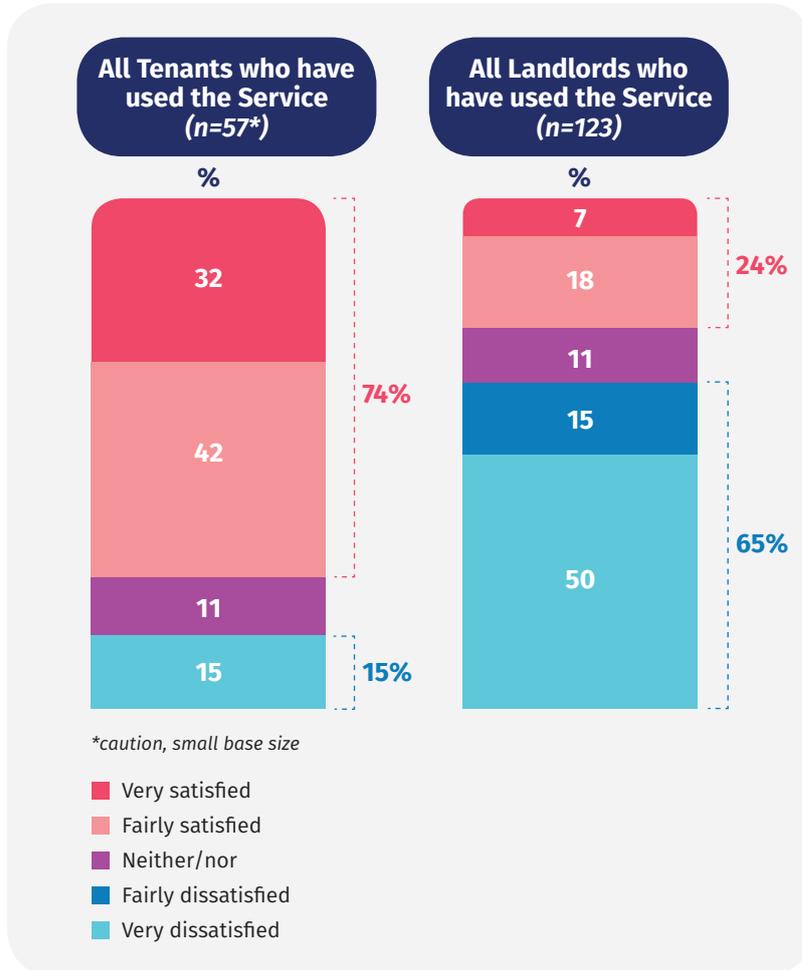
Regarding dispute resolution, just 11% of tenants have been involved in a dispute which was brought to the RTB’s Dispute Resolution Service, but encouragingly the majority of tenants in RPZs (71%) claim they would be likely to avail of the service if they believed their landlord was not complying with the law.

Figure 12: Likelihood to Avail of the RTB’s Dispute Resolution Service if landlord/tenant was not complying with the law



However, this likelihood to avail of the service is significantly lower among landlords (59%). Both elements of the research indicate that there is a distrust amongst a large proportion of landlords that the service is fair and worth availing of. Of those who had previously engaged with the service, 65% of landlords were dissatisfied compared to just 15% of tenants.

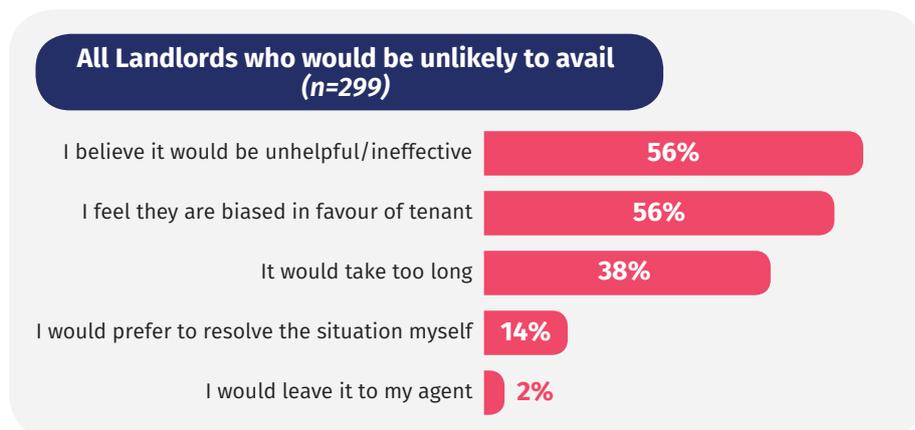
Figure 13: Satisfaction with Dispute Resolution Service



Landlords in the qualitative interviews expressed frustration with what they saw as a legislative system designed to favour tenants. Concerns such as lack of enforcement, bias in favour of tenants, and the predicted length of the dispute resolution process – apparent in both elements of the research – appear to be driving cynicism around the Dispute Resolution Services.

“I would be very worried if I tried to take a case to the RTB then that would be it, I would not see another penny of rent. And there’s no telling how long the process would go on for.” - Landlord

Figure 14: Reasons cited for being unlikely to avail of Dispute Resolution Services



4.6 “Accidental” landlords in RPZs appear most vulnerable to remaining at below-market rents

Of all landlords with properties in RPZs, “accidental” landlords (i.e. those who did not intend to become a landlord initially) represent a significant proportion (46% of RPZ survey respondents).

This cohort of landlords display a number of characteristics which indicate that they are vulnerable to falling behind their “professional” counterparts (i.e. those who make a living from rental income or have a rental property which was intended to be an investment) in respect of knowledge of rights/responsibilities and charging below-market rent.

According to the quantitative findings;

- ▶ They have the lowest familiarity with their rights and responsibilities as a landlord (41% “very familiar”).
- ▶ They are most inclined to classify themselves as charging below-market rent (81%).
- ▶ They have the lowest intended frequency of increasing the rent (just 32% claim they will increase rent as frequently as allowed by law).
- ▶ They also have the lowest familiarity with RPZ restrictions (54% “very familiar”).

Figure 15: Proportion of RPZ landlords who claim to be “very familiar” with their rights/responsibilities



Somewhat encouragingly, they have the highest claimed likelihood to avail of Dispute Resolution Services (68%). However, this is likely due to the lower incidence amongst this cohort of having had any dispute with a tenant in the past (just 29%).

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