A submission to the National Rental Strategy Group
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The rental sector is the lightning rod for the current housing crisis. Both the owner occupied and social housing sectors have seen massive reductions in output since 2008. The rental sector has soaked up the pressure and grown rapidly. The combination of the collapse of the owner occupied and social housing sectors and poorly regulated rental sector has left tenants at the mercy of this situation.

Inevitably rents have spiraled out of control, increasing by 40% since 2011 and surpassing their boom time peaks. This has created a perfect storm for tenants. Rent increases, evictions, poor standards and homelessness have become a normal part of the rental sector.

In the midst of this perfect storm, the feeling for tenants is not just that we don’t have a captain. We don’t even have a ship. Government response has been inertia, continual neglect and apparent inability to grasp the fact that in Dublin 1 in 3 households are renters. Underlying all this is the continuing belief on the part of government and policy makers that because we don’t own a property, as tenants, we don’t deserve decent and affordable homes.

Well, as tenants we want to send one simple, clear message: we do deserve to have decent and affordable homes, and we are no longer willing to accept the excuses we hear time and time again for inaction and neglect on the part of government.

There are two key measures which need to be implemented immediately: rent controls and security of tenure (Rent Certainty) Pages 8-9, and (Security of Tenure) Pages 10-11. Rent certainty measures should link rent increases to the Consumer Price Index. This will result in average rent increases of between 1% and 2%, as opposed to the 10% – 30% increases which have become the norm in Dublin.

Security of tenure measures should remove the many loopholes through which landlords can terminate tenancies. These measures can be introduced at the stroke of the pen. All they require are amendments to the Residential Tenancies Act (2004). This will immediately stabilize the affordability crisis, massively reduce the number of evictions and will stop the tsunami of homelessness, the vast majority of which originates in the private rental sector. These measures can be introduced at no cost to government. In fact, they will save the government money by reducing the rent supplement bill.
The private rented sector (PRS) is at the heart of the housing crisis. The sector is currently the main source of homelessness due to sky-rocketing rents and poor security of tenure. As families and individuals find themselves increasingly locked out of home ownership and social housing, the pressure continues to pile on Ireland's least regulated and most chaotic housing sector.

The problems in the PRS stem in part from structural and systemic problems in the Irish housing system. These include issues around supply, the difficulties in the banking sector and so on. However, they also stem from the fact that tenants in the private rented sector have been treated as second class citizens and denied the basic rights to security of tenure enjoyed by social housing tenants and home owners.

Providing security of tenure and rent certainty can and will stop the tide of homelessness surging from the rented sector. These are things we can do immediately and require minimal legislative change (see page 11). They are also revenue neutral measures which will cost nothing to the exchequer yet have profound impact on the crisis. In fact, they will ultimately save public money by containing the government spend on rent supplement and reducing the need for emergency accommodation.

The recent sharp increase in the numbers of people seeking rental accommodation has starkly exposed these short-comings. Ending decades of neglect in the private rented sector offers the possibility of having an immediate, significant and affordable (for government) impact on the housing and homelessness crisis. It is both the fastest and the least costly way to stop families becoming homeless.

CONTEXT:
The private rented sector (PRS) is at the heart of the housing crisis. The sector is currently the main source of homelessness due to sky-rocketing rents and poor security of tenure. As families and individuals find themselves increasingly locked out of home ownership and social housing, the pressure continues to pile on Ireland's least regulated and most chaotic housing sector.
Introducing rent certainty and security of tenure represents an opportunity to have a decisive impact on the housing crisis today and to leave a legacy which will serve as the cornerstone of a more just, balanced and sustainable housing system for generations to come.

Recent amendments to the Residential Tenancies Act (RTA) have not proven sufficient to provide stability in the sector. These 2015 amendments do not protect tenants from losing their homes, nor do they address unaffordable increases in rent. Indeed the rush to implement rent increases by many landlords in advance of the enacted two year rent review amendment left many tenants facing rent hikes of 40% and more.

Challenging the market rate is very difficult for tenants as the market rent is defined as: “The rent which a willing tenant not already in occupation would give and a willing landlord would take for the dwelling”.

In the context of a volatile rental market with soaring rents, desperate people are competing with each other to secure the few tenancies available, despite knowing these rents, let alone future rent hikes, are unaffordable and unsustainable. While the increase of the rent review period from one year to two is welcome, it is insufficient as it is a temporary measure due to expire in 2019 and does not address the reality of tenants facing massive hikes in the cost of rent; there is no provision for how much the previous rent increase had been, the size and standard of the property and the duration of the tenancy, i.e., the length of time the tenant had been in situ and proven themselves to be good tenants.

For tenants who faced huge rent increases over the last two years, there is nothing to stop further rent increases in a couple of years’ time and thereafter. The definition of market rate is insufficient as a limit as to the rent a landlord can charge.
As a disproportionate number of people are becoming homeless as a direct result of unaffordable rents and insecurity of tenure, it is clear that measures linking rent certainty and much stronger security of tenure are urgently needed.

Furthermore, for a tenant who experiences financial difficulties, through illness or unemployment, or simply being unable to maintain unsustainable rents despite proper budgeting, they can be evicted for arrears within six weeks. This is in stark contrast to local authority tenants (where evictions for rent arrears can take up to a year), and the much longer process for mortgage holders. Both of these cohorts are afforded the chance to engage with MABS, for example, in order to negotiate a sustainable repayment plan. Because private landlords are not obligated to consider any intervention if their tenant falls into financial difficulties resulting in rent arrears, private sector tenants are unfairly disadvantaged in comparison to people in other housing sectors, and as result most at risk of homelessness. The likelihood of falling into rent arrears due to soaring and unaffordable rents can only be curtailed by some degree of rent certainty that would link setting of rents and subsequent increases to the consumer price index, for example, and at much more staggered intervals than the temporary two-year rent review period provides. Without certainty of how much housing costs are and will be, personal budgeting and providing for other essential costs such as health and pension provision become impossible. Consequently, private sector tenants are at risk of poverty, now and into the future.

However, rent certainty measures cannot work without strong security of tenure, and vice versa. Strong security of tenure measures are futile if rents are allowed to be raised to levels that result in tenants’ eviction for rent arrears.
Good rent certainty measures are undermined by other means a landlord can use to issue a notice of termination upon a tenant.

Unlike other countries, Irish private rented sector tenants can still be evicted within 28 days during the first six months of their tenancy for no reason, and although the notice period is longer after four years, during the first six months of a further part 4 tenancy, no reason need be given for evicting a tenant who has been renting for the previous four years. There is simply no possible justification for this ‘grace’ period.

Notices of Termination can be issued to tenants if the landlord is selling the property or requires the dwelling for themselves or a relative. This has also been a major contributory factor to people becoming homeless in the first month of this year alone.

**SOLUTIONS & RECOMMENDATIONS**

On the basis of the above points it is the recommendation of the Dublin Tenants Association that urgent and immediate action be taken on the following areas. Action in these areas could be easily implemented in the short-term and would have a significant and lasting impact on the state of housing and homelessness being experienced in Ireland today. The specific legislative amendments we are calling for (see pages 9 & 11).
RENT CERTAINTY

Increasing numbers of tenants are renting long term and will continue to do so permanently. For tenants who have experienced exponential rent increases in relation to their income, this means not only are they struggling to afford their rent, but are also unable to afford unlimited hikes in rent in the future.

Already tenants have become homeless due to unaffordable rent increases. Rent certainty provides stability of income to landlords, and enables tenants to plan for their future and provide for other crucial expenditure such as pension provision, childcare, healthcare etc. Initial rents and subsequent increases are supposed to be measured by the market rate. This has proven arbitrary in a volatile rental market, and in order to ensure fairness in the initial setting of rents and subsequent re-lettings, we would propose amending the RTA to create an index of reference rents whereby a true average market rate can be determined based on the duration of previous and/or similar tenancies.

To curtail a situation where tenants are facing 40% increases in rent, meaning that 60% and more of their income is going on rent alone, measures need to be introduced immediately to provide rent certainty.

Supply measures should also be introduced but creating a crisis of unaffordable housing and trampling on tenants’ rights is not an acceptable way to increase supply. Rent certainty measures can work hand in hand with supply measures as they do in every European country which has a large supply of rental accommodation (e.g. Austria and Denmark).
RENT REGULATION IS COVERED BY PART 3 OF THE RESIDENTIAL TENANCIES ACT (RTA).

THE FOLLOWING MEASURES MUST BE INTRODUCED TO STEM THE RENT CRISIS

• Part 3, S. 19, 20 & S. 24 (1): The Residential Tenancies Act (RTA) to be amended to cap rent price increases as the annual percentage change in the consumer price index, as compiled by the Central Statistics Office. In addition, there should be a specified limit on how much rent can be raised within a set period. For example there should be no more than a 17% increase in rent during a four year period.

• Part 3, S 19,20 & 24: Measures must be introduced to regulate initial rents to ensure that rents are regulated within and between tenancies. The overall effect of rent controls should not only be to regulate rent increases within a tenancy but also to ensure that average rents across the sector do not increase any faster than the cost of living and/or earnings.

• Part 3, S. 21: Any rent increases should also factor in condition of dwelling, as well as length of time the tenant has been in situ.

• Part 3, S 19: to be amended to provide for an index of reference rents to determine, similar to Berlin, the initial rent based on an index of reference rents comprised of actual tenancies of at least four years duration, rather than speculative market rate asking prices.
Meaningful security of tenure needs to be placed at the heart of rental sector policy. The current legislative framework provides for four year tenancies. However, in practice there is virtually no security of tenure due to the many additional grounds on which landlords can terminate a tenancy. Tenants need to know that a four-year tenancy means a four year tenancy as long as we pay our rent and do not cause damage to the property. We need to plan for working, study, starting a family, retirement just like everyone else and it is simply not possible to this without knowing the duration of a tenancy.

“People need to feel safe in their homes and plan for the future”
SECURITY OF TENURE IS COVERED BY PART 4 OF THE RESIDENTIAL TENANCIES ACT

REAL SECURITY FOR TENANTS REQUIRES THE FOLLOWING MEASURES:

• Part 4 S. 28 (1): The terms and protections currently granted under the 'Part 4 tenancy' be extended to cover the entire period of the tenancy. Currently there is a six month 'grace' period at the beginning of a tenancy in which the tenant can be evicted within 28 days for no reason. Extending the terms and protections of the 'Part 4 tenancy' would ensure that tenants could not be evicted for no reason during these 'grace' periods.

• Part 4, S. 34 (3): Currently landlords can evict tenants due to sale of property. This provision should be removed from the RTA. This is common practice in other European countries (Sweden, France, Germany). This measure is particularly significant in Ireland as residential properties are being sold off to repay bank debts with in situ tenants facing homelessness as a result.

• Part 4, S. 34 (4): Eviction on the grounds that the landlord wants the property for a family member needs to be ended. This provision undermines security of tenure and is open to widespread abuse.

For example, landlords can assume that many tenants who are already under financial and time pressures are not reasonably going to pursue a case to the PRTB where no family member has in fact taken up residency in the property.

• Part 1 S. 5; Part 4 S. 25 (2): Under the current legislation, a person who pays rent to a landlord who also lives with them is categorized as a 'licensee' and is not protected by the RTA (2004). In a context where (principal) property owners in arrears have been seeking ways of covering their mortgage payments, for example, this situation is untenable. It leaves many tenants with virtually no security of tenure as we have unfortunately experienced through our case-work. The Dublin Tenants Association calls on the Government to change the categorization of a tenant such that any person who has paid a deposit and pays rent for a place to live be treated as a tenant under the law, subject to all of those protections and the mechanism of the PRTB.
The Dublin Tenants Association is a group of tenants who came together in 2015 as a result of the growing crisis in Ireland’s private rented sector. We believe that decent, affordable and secure housing is a right for everyone and that given the increasing number of people renting in Ireland, the voice of tenants needs to be heard in discussions around the formulation and implementation of housing policy.

At present the viewpoint of tenants has not been given sufficient attention, evidenced by the increasingly precarious existence of those renting in Ireland, especially those on low incomes. Our group is composed of tenants who work on a voluntary basis in order to ensure that tenants in the private rented sector are considered primary stakeholders both in the private rented sector and in housing policy in general. Our aim is to educate tenants as to our rights, to work to ensure these rights are observed, and to campaign for improvements in the condition of renters in Ireland. We are not affiliated with any political party or perspective and do not receive any private or state funding.

Given the makeup of our association and our knowledge of what tenants are experiencing in the private rented sector, we believe that we are in a unique position to communicate the issues which affect tenants and to propose solutions to the problems we face.

In this submission we aim to put focus on these issues by highlighting the lived experiences of tenants who have participated in the association in order to give context to the solutions we believe are needed in order to make private renting a viable housing option for all members of society.

The rental sector is a central component of Ireland’s housing sector and therefore any policies which aim to address the housing and homelessness crisis today need to ensure that problems faced by tenants are addressed.

Whilst we welcome the recent changes to the Residential Tenancies Act (2015) we believe far more needs to be done in order to improve conditions for tenants in Ireland, both in the short term and long term. This committee has an important opportunity to address the problems affecting our housing sector and we hope that the concerns of tenants in the private rented sector are given a prominent position in your discussion and final report.