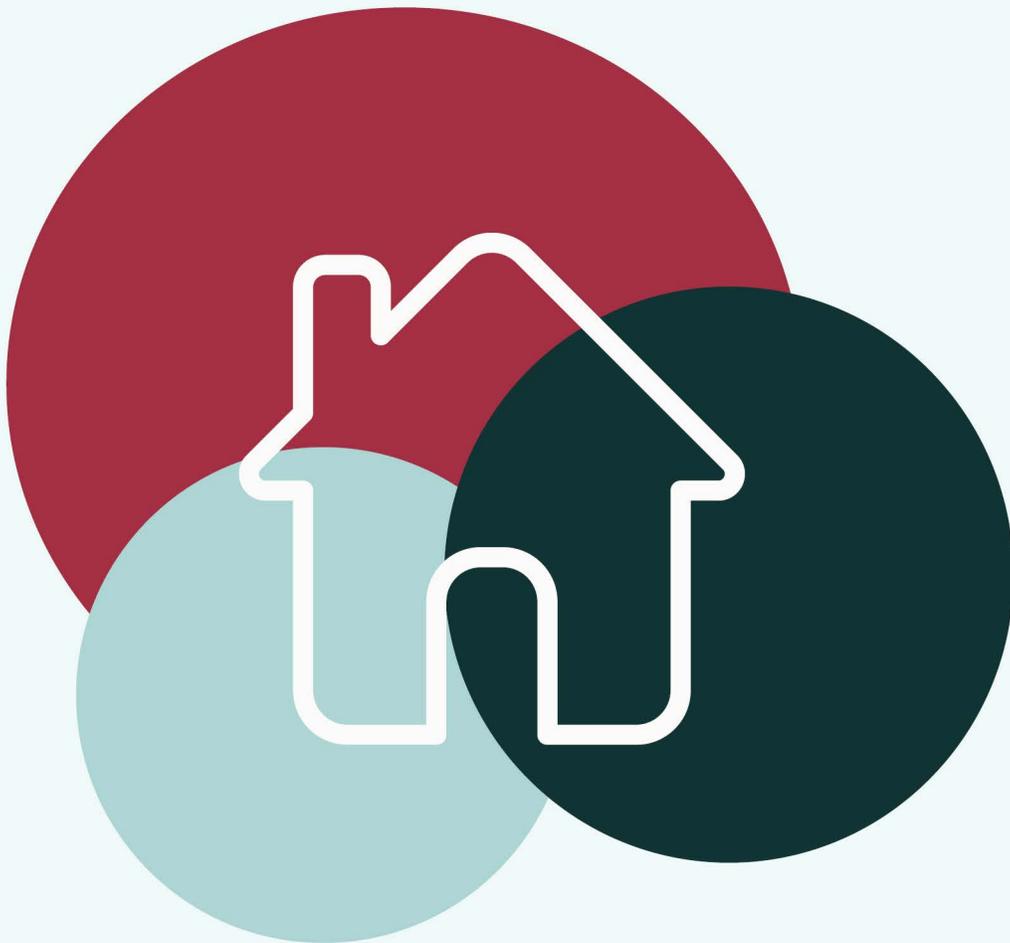


The Cost of Renting

Threshold's Pre-Budget Submission 2023



Threshold is a national housing charity, founded in 1978, operating advice centres in Dublin, Cork and Galway and a national Advice and Tenancy Protection Helpline. We are the only specialist advice and advocacy service for tenants facing housing problems in the private rented sector in Ireland. Each year, Threshold supports approximately 20,000 households living in the private rented sector.

Proposed Measures for Budget 2023

As the leading organisation working with private renters, Threshold is uniquely placed to observe the most pressing matters for those who rent their home. A home is a basic human need, a basic human right. We all need a home to live with dignity, to feel safe, warm and secure. In this Pre-Budget submission Threshold puts forward measures that are necessary and urgent, to alleviate the financial burden experienced by renters and to ensure they can access a home where they can live with dignity.

Ongoing rent increases and the lack of homes to rent means that many private renters are being pushed further into financial distress or into homelessness. In this context, Threshold proposes that in Budget 2023 the Government:

1. Provide Financial Relief for Private Renters
2. Establish a €20 million Rent Arrears Fund
3. Increase the Housing Assistance Payment base rates
4. Establish a Dedicated Homeless Prevention Budget
5. Deliver Measures to Retain Homes in the Rental Sector
6. Provide Targeted Measures to Improve the Energy Efficiency of Private Rental Homes
7. Establish a Deposit Protection Scheme
8. Allocate the necessary funds to hold a Referendum on the Right to Housing in 2023

Provide Financial Relief for Private Renters

The only truly effective mechanism to increase affordability in the long-term, is through reduced rents via the increased provision of affordable housing options. While the goal of “Housing for All” is to deliver increased affordable housing options, it will take some time for this to bring about increased affordability. In the interim, the Government can alleviate some of the financial pressure experienced by renters through the tax system.

Threshold is proposing the re-introduction of tax relief for private renters, to alleviate the pressure of high rents and to provide some protection to renters from the increased cost of living.

Private renters cannot be forgotten in this Budget. Renters are one of the groups hit hardest by rising inflation¹ and are at greater risk of poverty in comparison to owner occupiers². Renters have sustained relentless rent increases since 2014. The increased cost of living exacerbates further the intense financial pressure experienced by people who rent their home.

There are potential challenges to putting in place such a tax relief for renters. Under the previous rent tax credit scheme, the tenant was required to provide their landlord’s PPS number. However, tenants are not always furnished with this information and landlords may not wish to provide it. The data-sharing agreement between the Revenue and the Residential Tenancies Board should allow the Revenue to match the PPS number to the landlord.

Concerns have been expressed that a tax credit for renters could push up rents further. The potential exploitation of the scheme by unscrupulous landlords should not prevent the Government from assisting renters, many of whom are struggling to make ends meet. Approximately three-quarters of all tenancies are in a Rent Pressure Zone, and the RTB now has substantial powers to investigate and sanction landlords who may attempt to breach the RPZ rules. This offers protection from such profiteering.

A further measure to prevent exploitation of the scheme, and enforce the RPZ rules, would be the provision of a dwelling-specific rent register. Such a register would create transparency in rents charged and empower renters to challenge unfair or invalid rent increases.

¹ Press Statement Estimated Inflation by Household Characteristics June 2022, Central Statistics Office, <https://www.cso.ie/en/csolatestnews/pressreleases/2022pressreleases/presstatementestimatedinflationbyhouseholdcharacteristicsjune2022/>

² Headline Poverty Target Reduction in Ireland and the Role of Work and Social Welfare (2022), ESRI, https://www.esri.ie/system/files/publications/BKMNEXT424_Research%20Briefing.pdf

Establish a €20 million Rent Arrears Fund

Threshold is calling for the investment of €20 million in a rent arrears fund to support renters to remain in their home if they experience financial difficulty. The increase in inflation and its impact on the cost of living is being felt by people across the country. This will undoubtedly increase the risk of people falling into rent arrears or behind on their utility bills, with some already cutting back on the essentials (heat, electricity, food)³. It would be prudent of the Government to put in place a safety net for renters, who are at greater risk of poverty and social exclusion, more likely to be burdened by debt, have gone without heat at least once in the year and are more likely to have utility arrears than owner-occupiers.⁴

Threshold has observed, over decades of assisting private renters, that the majority of those who accrue arrears do so on foot of sudden income loss, family/relationship breakdown, illness, delays in the processing of or disruption to social welfare payments, a rent increase, delays in the administration and payment of HAP or a landlord's refusal to accept HAP or rent supplement. These are all temporary disruptions or factors outside the tenant's control; events that many of us may experience in our lives. It is not right that such events can result in the loss of a home.

Putting in place measures to allow tenants to address arrears will be more effective and less costly to the State than allowing tenants to be evicted for rent arrears and be placed at risk of homelessness. In addition, it will protect landlords who may be placed in adverse financial circumstances or even mortgage arrears if a tenant is unable to pay these arrears.

Such a fund must be supported by changes to the way that arrears are dealt with in the Residential Tenancies Acts. These changes include:

- An increase in the warning notice period from 28 days to 90 days,
- A stay on eviction for rent arrears where an application to the Rent Arrears Fund is pending or approved, and/or

³ The Cost of Surviving (2022), Society of Saint Vincent de Paul, <https://www.svp.ie/news-media/publications/social-justice-publications/svp-pbs-2023-the-cost-of-surviving.aspx>

⁴ Exploring Household Debt in Ireland (2020), https://www.tasc.ie/assets/files/pdf/tasc_household_debt_report-exec_summary_for_policy_makers-web.pdf, https://www.tasc.ie/assets/files/pdf/household_dept_report_final_3320.pdf

CSO "Household Finance & Consumption Survey" (2020),

<https://www.cso.ie/en/releasesandpublications/ep/p-syi/statisticalyearbookofireland2020/soc/householdfinanceconsumptionsurvey/>

CSO "Survey on Income and Living Conditions (SILC): Enforced Deprivation 2019",

<https://www.cso.ie/en/releasesandpublications/ep/p-smdep/surveyonincomeandlivingconditionssilc/enforceddeprivation2019/resultsandanalysis/>

- A stay on evictions for rent arrears where an application to the Workplace Relations Commission to challenge a landlord' refusal to accept HAP or rent supplement, is pending or found in the tenant's favour.

Increase the Housing Assistance Payment base rates

HAP is providing important, short-term housing support and preventing further people from experiencing homelessness. This year, Threshold warmly welcomed the increase to the discretionary rate paid by the Local Authorities and the increase of the single person's rate to that of couples. Nevertheless, an increase of the HAP base rates is still necessary to ensure HAP tenants have sufficient means to live a life with dignity.

The national average rent has increased 50% since the HAP rates were set in 2016⁵. This equates to an increase of €490 a month, yet no such equivalent increases have been made in HAP or essential social welfare rates to support renters who are struggling, nor have wages increased at this rate. In this time, the Jobseekers Benefit and State pensions have increased by only €20 a week and minimum wage has increased by €1.35, or €47.25 working a 35-hour week.

Threshold supports the ESRI's recommendation to link the HAP rates to the rents on new tenancies in the relevant Local Authority⁶. This is proposed to ensure affordability and that a share of rental properties is available within the limits, for those reliant on HAP. As highlighted in the ESRI's report, an incredibly small proportion of homes advertised for rent fall within the HAP limits.

Establish a Dedicated Homeless Prevention Budget

Threshold is calling on the Government to allocate dedicated funding for homeless prevention, amounting to 20% of all homeless expenditure. As a country we believe everyone should be able to live with dignity. The high and increasing rates of homelessness is anathema to this belief.

The Government has demonstrated its commitment to ending homelessness by 2030 by signing the Lisbon Declaration, through the establishment of the National Homeless Action Committee and its promotion of homeless prevention services. The next step is to adequately fund and expand services focussed specifically on homeless prevention.

The most effective way of stopping homelessness is by preventing it from occurring in the first instance. Threshold demonstrates this day by day, year in year out.

⁵ RTB Rent Index Q1 2022, https://www.rtb.ie/images/uploads/general/RTB_Rent_Index_Q1_2022_Final.pdf
Q2 2016 National Average Rent = €970.43. Q1 2022 National Average Rent = €1,459.92

⁶ Low Income Renters and Housing Supports (2022),
https://www.esri.ie/system/files/publications/RS141_1.pdf

Due to high and rising homeless figures, most funds, energy and effort expended on homelessness is on providing emergency accommodation. In 2021, 77% of the Section 10 funding allocated to Local Authorities for homeless service provision was spent on emergency accommodation. Only 7% was spent on “Homeless Prevention, Tenancy Sustainment and Resettlement Supports”, of which only a portion are services that stop homelessness from occurring in the first instance⁷.

A dedicated “Homeless Prevention Budget” must be provided, so we can reduce the number of people entering homelessness in the first place. This Budget must fund services that stop homelessness from occurring by keeping people in their homes, or successfully support them to move to another home and so avoid entering homeless services.

Deliver Measures to Retain Homes in the Rental Sector

To retain homes in the rental sector and keep renters in their homes, Threshold recommends the introduction of a time-limited relief on the Capital Gains Tax (CGT) payable when a landlord sells a rental home, with the tenants remaining in situ to the Local Authority or an Approved Housing Body. This would move the home from the private rental sector to the social rental sector, keep the renter in their home, creating long-term security and affordability, as well as adding to the social housing stock.

This measure will specifically target landlords who are exiting the market, making it more effective than a general reduction in tax on rental income. There is already provision for the Local Authorities to purchase rental homes of HAP recipients where homelessness is a risk. A reduction in Capital Gains Tax, however, will incentivise landlords to sell the home to the Local Authorities or AHBs. This measure will also remove estate agent fees and will not have an adverse impact on local property prices. For those renters who are not on HAP, their homes could be delivered on a Cost-Rental basis if purchased by the Local Authority or an AHB.

The relief must be a set allowance which can be deducted from the CGT payable, as opposed to a reduced CGT rate. Consideration will need to be given by the relevant Departments as to what amount of relief will be sufficient to encourage landlords to take up this offer, as well as to determine the number of years for which the relief should be in place.

For this measure to be effective, Local Authorities must be supported and facilitated by Central Government to purchase these homes. This requires financial support as well as clear direction on the delivery of the scheme.

⁷ Homeless Data, Local Authority Regional Financial Reports (various). Authors won calculations.
<https://www.gov.ie/en/collection/80ea8-homelessness-data/#local-authority-regional-financial-reports>

If instead or in addition, the Government introduces a reduced rate of tax on the income received by landlords through the rents paid by their tenants, then these tenants must be provided with increased security of tenure. At present a landlord may evict a tenant for the purposes of sale, requiring the property for their own use or that of a family member, renovation, change of use or if the home is no longer suitable. These homes must be subject to long-term lease agreements of at least 10 years, which can only be terminated by the landlord if the tenant has failed to pay rent, engaged in anti-social behaviour or caused damage to the property. In addition, the property must meet the minimum standards set out in “Housing (Standards for Rented Houses) Regulations 2019.

Provide Targeted Measures to Improve the Energy Efficiency of Private Rental Homes

To support a minimum BER in the private rental sector as committed to in “Housing for All”, it is necessary for Government to put in place measures specially targeted at landlords. Such targeted schemes will ensure renters can benefit from the measures in place to improve the energy efficiency of our homes, allow them to make a contribution to reducing carbon emissions and reduce the cost of heating their homes.

In 2021, Threshold, in partnership with the Society of Saint Vincent de Paul, set out a series of actions which could be undertaken by the Government to improve the energy efficiency of the private rental sector in a joint publication, “Warm Housing for All”⁸.

Specific financial supports include the provision of funding for schemes equivalent to the Better Energy Warmer Homes Scheme for HAP tenants, with the provision that the tenant be provided with a long-term lease agreement. In addition, the landlord will be required to keep the property in the rental market for a set period of time after availing of the grant. Access to the grants must be conditional on passing an inspection to ensure the property and landlord is compliant with the Housing (Standards for Rented Houses) Regulations 2019.

Establish a Deposit Protection Scheme

Threshold calls on Government to examine the development of a workable Deposit Protection scheme, as committed to in “Housing for All” and commit to its establishment within the lifetime of this Government. A Deposit Protection Scheme has been in the making since 2009 and private renters cannot be asked to continue to wait for it to be realised.

⁸ Warm Housing for All (2021) Threshold and the Society of Saint Vincent de Paul, <https://www.threshold.ie/assets/files/pdf/warmhousingforall.pdf>

Threshold has made clear its position that a “custodial model is the best option in the Irish context, as set out in the “Assessment of Feasibility of a Tenancy Deposit Protection Scheme in Ireland”⁹. There are numerous experienced providers delivering such schemes in Northern Ireland, England and Scotland. Some are delivered on a not-for profit basis and others are for-profit.

Moving the scheme forward will require a revision of the enacted legislation, which is cumbersome and unwieldy as it currently stands.

Allocate the necessary funds to hold a Referendum on the Right to Housing in 2023

Threshold is calling on the Government to allocate the necessary funds to hold a referendum on the Right to Housing in 2023. By holding a referendum to insert a right to housing in the Constitution, the people of Ireland would be given the opportunity to give clear direction to this Government, and future Governments, that the people of Ireland believe in the value of home, and that there is a role for the Government to ensure all people have access to a safe, secure, affordable home where they can live in dignity.

The Constitution is a statement of fundamental values that the people of Ireland believe in. It shapes all Government policy and legislation. Without a right to housing in the Constitution, there is no duty on the Government to ensure all people have access to adequate housing.



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⁹ Indecon’s Assessment of the Feasibility of a Tenancy Deposit Protection Scheme in Ireland (2012), <https://www.rtb.ie/images/uploads/forms/indecons-assessment-of-the-feasibility-of-a-tenancy-deposit-protection-scheme-in-ireland.pdf>