

# THE FUTURE OF THE RENTED SECTOR IN IRELAND



Policy Proposals for the Programme for  
Government in context of the COVID-19  
pandemic. For Discussion.

# Foreword from Threshold's Chairperson and Chief Executive

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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 (PRS) in Ireland. In 2019, we supported 17,248 individual households living in the PRS and responded to 67,381 calls. Alongside our provision of services and supports for renters, we advocate for policy and legal change in relation to housing and propose solutions which are informed by evidence from our work in advising tenants and protecting tenancies.

Given the COVID-19 pandemic and related measures, we find ourselves at an unprecedented point in our social and economic history with far reaching implications for all aspects of our lives and the ways in which services are delivered and critical goods are accessed. This critical juncture poses huge challenges but also presents opportunities for taking stock and re-casting the development and delivery of key sectors such as housing. While continuing to provide services in this changed environment, Threshold has also reflected on the ongoing housing crisis and considered how best to re-orient the country's housing provision for the households and communities we assist in the short, medium and longer term.

Threshold has worked on a set of proposals which we now present to policy makers at a crucial time in the formation of the next Government. We are concerned about the long-term implications of the COVID-19 crisis for the entire housing system and the rented sector in particular. The potential for long-term indebtedness amongst tenants is a real risk and may result in significant levels of eviction once the emergency measures cease. The importance of a moving toward an affordable rental model of housing is also stressed. As a result, the following document sets out our housing priorities for a new Government and we would urge you to seriously consider and adopt the policies in the course of your deliberations. We are available to meet at your convenience and look forward to engaging with you in relation to this vital policy platform for the housing sector.

**Aideen Hayden**  
Chair  
Threshold

*Aideen Hayden*

**John-Mark McCafferty**  
CEO  
Threshold

*John-Mark McCafferty*

# Executive Summary

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**T**his document sets out a comprehensive set of recommendations to transform and future proof the private rented sector (PRS) as well as the housing system in Ireland. The aim is to prevent an increase in homelessness and ensure access to secure, affordable and suitable housing for all during the COVID-19 pandemic, its aftermath and into the future. The COVID-19 pandemic reveals, beyond a doubt, the precariousness of the PRS in its current form, the risks involved in our over-reliance on it to meet long-term housing need and the shortcomings of our housing system. It also presents the opportunity to take the steps needed to resolve the issues in our ill-functioning housing system.

The recommendations are set out as short-, medium-, long-term and other items for consideration. These are not a list of successive actions. Some must run concurrently for them to be effective, and the actions required to realise the long-term outcomes must begin now.

A summary of the recommendations is set out below.

## Short-Term

1. Extend the moratorium on evictions beyond the end of the COVID-19 pandemic and revise the manner in which landlords can evict tenants for rent arrears. Tenants will accrue rent arrears, even with the support of rent supplement and HAP. Extending the moratorium (in tandem with the recommendations in section 4) will provide tenants the time to address rent arrears. Not doing so could result in a wave of tenants without a home 28 days after the moratorium ends.
2. Implement a moratorium on upward rent reviews for at least 12 months. Hundreds of thousands have lost their jobs and many will be without jobs to return to when the restrictions are lifted. Rents that are already beyond affordable cannot be allowed to increase further.

3. Provide a greater level of assistance to tenants who accrue rent arrears and those tenants in receipt of HAP and rent supplement who are paying unaffordable “top-ups” to their landlord. Streamline the rent supplement process further in the long-term.
4. Provide a suite of measures for tenants to resolve rent arrears to include: formalised repayment plans, access to additional/enhanced financial supports, long-term low interest state supported loans and debt forgiveness. The notice period for rent arrears and the grounds on which a tenant can be evicted for arrears will need to be revised.
5. Provide tenants, landlords and contractors with clear guidelines on how to carry out repairs in the home to protect the health and safety of all parties involved during and after the immediate COVID-19 emergency. Guidance on moving accommodation, attending viewings and conducting viewings in a safe manner is also necessary.

## Medium-Term

6. Reviewing rents downwards is essential to achieving affordability in the PRS. The State has a key role to play in this by reducing the over-reliance on the sector including reliance on institutional investors to provide housing. There is a requirement on the State to provide affordable rental and cost rental housing which will ultimately provide more balance and affordability in the sector.
7. Hold a referendum on land as set out in the proposed programme for government. Moreover, and in tandem, hold a referendum to insert the right to housing in the Constitution to unlock the barriers to reforming legislation, an essential part of ending the current housing crisis. The right to a home can exist alongside private property rights bringing balance to the Constitution.
8. Reform Section 34 of the Residential Tenancies Acts to remove all grounds for “no fault evictions”. The majority of people losing their home do so on foot of

a notice of termination (NoT) from rental accommodation and the majority of these are “no fault” evictions.

9. Take proactive steps to bring short-term lets back to the long-term market through increased enforcement, tax measures, state purchase of short-term lets and the regulation of the letting platforms.

## Long-term

10. Designate an entity or entities to purchase Buy-to-Let properties that are for sale and let the property to the sitting tenants as part of an affordable rental or cost rental scheme. Similarly provide for the upfront purchase of units where the current crisis has had a financial impact on the viability of suitable projects. Tenants should not be required to be on the housing waiting list, as with other schemes, but will pay rent based on a cost rental model.
11. Establish a Rent-to-Buy scheme to facilitate tenants to purchase their home from their landlord.

## Other Measures

12. Develop new standards for housing to protect the health of all tenants going forward. We envision the need to move toward self-contained accommodation as standard to achieve this.
13. Repurpose existing accommodation, such as Purpose Built Student Accommodation (PBSA) over the shop units, and vacant retail units, which may no longer be viable, to provide long term, self-contained housing or accommodation for keyworkers.
14. Produce and implement a National Housing Strategy for Single People. The housing needs of single people are largely uncatered for, leaving them with unsuitable, unaffordable and unsustainable housing where the establishment of a home is not possible. As the COVID-19 pandemic demonstrates the housing options for single people are often not conducive to protecting their health.

15. Extend energy retrofit schemes to the PRS as part of the just transition to a low carbon economy.

# Introduction and description of Threshold's work

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## Introduction

**T**hreshold is a national housing charity, founded in 1978, operating advice centres in Dublin, Cork and Galway and a National Helpline. We provide frontline advice, advocacy and support services to people facing housing problems. We are the only specialist information, advice and advocacy service for tenants in the private rented sector (PRS) in Ireland. In 2019, we supported 17,248 individual households living in the PRS and responded to 67,381 calls.

Threshold is circulating this document in light of the current negotiations for government and the importance that all of the negotiating parties have placed on housing, which we welcome. We are also very concerned with the long-term implications of the COVID-19 crisis for the entire housing system and the rented sector in particular. The current government acted fast to put in place emergency measures to protect those renting, however, over the short, medium and longer terms significant action needs to be taken to prevent irreparable damage to the rental market and to those who live there. We are particularly concerned with the potential for long-term indebtedness amongst tenants who will be at risk of eviction and homelessness. There is a risk to low income groups of poor quality, shared and often overcrowded accommodation. There is a risk to supply in the sector if landlord indebtedness results in landlords leaving the market, particularly in the context of an inadequate alternative of social or affordable housing. These and many other scenarios are set out in this document. We have focussed, however, on measures that could be taken to ensure that people who live in the private rented sector (PRS) will be better protected and have access to better housing options. We have also focussed on measures that provide Government with an opportunity to advance agreed strategies such as the expansion of an affordable or cost rental model of

housing provision. We propose some new measures that we hope will challenge traditional thinking around renting. Our proposals are designed to address the short-, medium- and longer-term issues that we face.

## **The crisis so far**

The fall out of measures taken to protect the health of the nation from COVID-19 has had a disproportionate impact on renters, particularly young renters<sup>1</sup>. This was reflected in the sharp rise in calls to the Threshold Freephone Helpline from mid-March onward.

The measures taken to stop the spread of COVID-19 posed immediate challenges to those renting their home. The challenges faced by tenants were many and varied. In some cases, licensees renting a room were quickly asked to leave because homeowners feared contracting the virus. When universities and colleges closed students either left, or in some cases were forced to leave designated student or other accommodations because the measures necessary to protect their health were not possible in shared accommodation or close living quarters. In other situations, tenants in house shares have been left with the responsibility for the entire rent on a home where housemates chose to leave or could no longer afford to remain. The sudden loss of income has meant families who never before had difficulty paying rent have already accrued rent arrears and this trend is expected to continue. Those working in the hospitality and retail sectors have been particularly affected and live predominantly in rented housing.

As businesses have closed and hundreds of thousands have lost their jobs the precariousness of the PRS as a housing tenure has been laid bare.

The moratorium on evictions and rent increases was necessary and it gives some sense of security to those renting during this pandemic. From our observations, we are glad to note that these measures have so far been largely adhered to. They are,

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<sup>1</sup> ESRI, Geary Institute Presentation 24<sup>th</sup> April

however, only temporary and the ramifications of the COVID-19 pandemic will go far beyond the end of the emergency period even if protective measures are extended. The challenges for, and the needs of, tenants will become even greater in the face of a predicted recession and rising unemployment.

The majority of COVID-19 related queries received by the Threshold advisors to date have been from young single adults- approximately two-thirds of clients. We do not expect this to remain the case as young single renters who can return to live with family have done so and as the reality hits for many more that this temporary loss of income may not be so temporary.

It is our observation that some couples and two-parent households were possibly able to fare better in the initial stages of the pandemic with perhaps only one person losing their job at first and perhaps with some savings set aside or family help, which covered the rent for March and even April. However, by the end of April, when it became clear a return to work was unlikely in the near future, the number of these households contacting Threshold for advice on the Housing Assistance Payment (HAP), rent supplement and rent arrears increased. For these households, returning to live with family may not be a possibility and they are significantly more at risk of increased debt and ultimately homelessness when the temporary measures are halted.

Queries about rent supplement almost doubled between March and April and by the end of April were treble the total rent supplement queries Threshold received in 2019. Reports from Threshold advisors indicate that applications are being processed quickly and payments made with little delay or difficulty, which is to be welcomed. Unfortunately, the Department of Employment Affairs and Social Protection (DEASP) has not advertised the availability of rent supplement to tenants who have lost their income. Many tenants who ring worried about paying rent don't know they can apply for rent supplement. It appears that tenants in some parts of the country who really need it may not be applying at all. This is apparent in the low number of calls

we have received about rent supplement from counties Waterford (2), Sligo (1), Mayo (4) and Donegal (4)<sup>2</sup> and other areas impacted by job losses in tourism. This means that in some situations, unnecessary disputes over rent arrears and the consequent risk of evictions are greater than they should be.

As the impact of COVID-19 deepens, we anticipate a steep rise in the number of households falling into rent arrears, requiring support with HAP applications, adjustments to HAP differential rents and assistance to pay rent “top-ups” to landlords. We further anticipate a sharp rise in the numbers of households getting into difficulty where a landlord wants to exit the market. This has been a trend for some time and the principal source of loss of tenancies pre Covid-19. We expect the profile of the tenants contacting us to change in the coming weeks, to include a greater proportion of couples and two-parent households as their need for housing supports becomes more pressing and young people exit the market. Young single people who are able to move home will no longer be generation rent, as they will remain stuck in the family home. Those young adults who do not have this option will pay an even greater proportion of their incomes to secure housing, as the health risks associated with shared accommodation will drive many to seek self-contained housing. Those who cannot afford this option will be forced to live in overcrowded housing where their health may be put at risk.

There is no guarantee that rents will fall and it would be incorrect to rely on an assumption that they will. There is no oversupply of housing, as there was at the outset of the last recession, to bring rents down. While there has been some indication that Air BnB properties have re-entered the market this is a finite source on which there are many demands, including the need to remove people from congregated settings. A failure to protect tenants from eviction, provide the right financial supports, strengthen the tenure of private renting and increase the availability of affordable housing now, in the aftermath of COVID-19 pandemic and in

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<sup>2</sup> Rent supplement queries received as of 22<sup>nd</sup> April 2020

the long-term, will lead to a housing and homeless crisis worse than what we have seen to date. This pandemic provides us with an opportunity and the impetus to transform and future proof the PRS and the housing system. In this document, Threshold puts forward a comprehensive set of recommendations to achieve this.

We envision that these measures will take place within a 2-year time period (and indeed beyond). In the context of the short-term measures, we see these taking effect before the current moratorium is ended (i.e. moratorium, rent freeze, rent arrears measures, repairs guidance, rent supplement etc.). It is critical that some predictability is given to tenants as soon as possible. Medium-term measures should be considered within six months and longer-term measures thereafter. It must be emphasised however that steps to realise longer term measures could and should be taken as soon as possible as there is an opportunity for the State to move the sector forward in a new and innovative way. Medium-term measures will generally require a legislative base and longer-term measures require financial backing in a manner not engaged in before to any extent in the sector. The measures are set out below.

### **Short Term:**

1. An extension on the moratorium of evictions beyond the end of the COVID-19 pandemic.
2. A freeze on upward rent reviews for at least a 12-month period.
3. Reforms to the rent supplement and HAP systems
4. Rent arrears management and changes to the manner in which a tenant can be evicted for rent arrears.
5. Issue guidance on repairs, moving accommodation and rental viewings.

### **Medium Term:**

6. Measures to review rents downward
7. Referendum on the Cost of Land and the Right to Housing
8. Reform of Section 34 of the Residential Tenancies Act

9. Return short-term lets to the long-term housing market.

### **Long Term:**

10. State purchase of Buy-to-Let Properties (BTLs) which are put up for sale

11. Rent to Buy or equivalent scheme to enable tenants to purchase the property they occupy

### **Other measures**

12. Develop new standards for housing.

13. Repurpose existing accommodation.

14. National Housing Strategy for Single People

15. Extend energy retrofit schemes to the PRS

## **1. An extension on the moratorium of evictions beyond the end of the COVID-19 pandemic.**

In Threshold's experience, the moratorium on evictions will need to be extended beyond the end of the pandemic, initially by a second three-month period. Early indications are that arrears will accrue in the sector and tenants will need time to deal with these. Tenants can be given a warning notice of rent arrears and therefore can be issued a Notice of Termination for rent arrears and face eviction once the emergency period ends. It is essential that they are protected while a solution is found to the arrears issue or alternative accommodation is sourced.

There is no guarantee, however, that supply will improve or there will be more significantly affordable accommodation in the early post Covid-19 phase. This, coupled with higher levels of unemployment, will result in tenants experiencing significant pressure in dealing with rent arrears. Some tenants will have been able to access rent supplement, but this is an evolving situation, which will not deal with existing arrears. As such, it is critical that tenants be afforded interim protection by way of a further moratorium on evictions until issues can be clarified and resolved. To do otherwise may result in a significant rise in those at risk of homelessness.

During any extended period, parties should be encouraged to engage around next steps regarding rent payments/reductions, arrears payments, income support and any property related matters (i.e. repairs etc). This period should be seen as a period to agree and commence new arrangements. Threshold and RTB mediation could play a vital role in this process. Further detail on addressing rent arrears is provided in Section 4.

## **2. A freeze on upward rent reviews for at least a 12-month period.**

Threshold proposes a freeze in rent increases for an initial 12-month period to be further reviewed in the light of developments in the economy in the intervening period.

### 3. Reforms to the rent supplement and HAP systems

Rent supplement is the most appropriate emergency payment to cover rents for those whose income has reduced or is lost as result of Covid-19. Threshold has noted the manner in which the DEASP has responded quickly and sympathetically to applications to date and has shown itself to be flexible in approach

We emphasise, however, that it is critical, that consideration is given to streamlining the application process on a permanent basis. While some employees will return to work, others may return partially and yet others may lose jobs as businesses decide to close. The rent supplement process will need to be highly flexible and responsive. Threshold can assist with this and we suggest that as well as the application process being simplified it should be joined-up to the wider social welfare payment application processes.

Difficulties arise, however, where market rents are currently much higher than the rent supplement and HAP caps. This is most likely to occur in urban areas. Those who have lost jobs or who are on reduced incomes will find these rents unmanageable if they are only provided with the standard rate of HAP or rent supplement. For example, the maximum rate of rent supplement in Dublin is €1,250 whereas the current average rent in Dublin City is €1,677<sup>3</sup>.

Whilst it is understandable that Government would not want to increase rates overall at this time, it is also critical to ensure families are not placed at risk of homelessness at much greater cost to the state. Therefore, we suggest that the flexibility that was previously introduced into the system to allow for enhanced payments through the Interim Tenancy Sustainment Protocol be extended. This service operated by Threshold has been hugely successful since it began in 2014.

With regard to the HAP, to date we have not experienced the same volume of queries regarding this payment. However, those we have received are of concern.

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<sup>3</sup> RTB Rent Index Q4 2019

Tenants who have been paying “top-ups” some affordable, some less so, prior to job loss now find it impossible to pay these “top-ups”. In some cases, the Local Authority is not inclined to assist or the tenant is already receiving the full 20% discretionary uplift. Tenants may require the assistance of staff in the Local Authority HAP offices to negotiate with their landlord, where a landlord is unable, or unwilling, to reduce the rent, the Local Authority will need to authorise a higher HAP payment.

Some HAP tenants will accrue arrears on their differential rent and we have a number of recommendations in this regard (please see attached).

#### **4. Rent arrears management and changes to the manner in which a tenant can be evicted for rent arrears.**

Where rent arrears have accrued, measures will be required to deal with these appropriately, otherwise tenants, in some cases, will carry forward an unmanageable level of debt. Moreover, when society normalises tenants will have their future access to credit or to a mortgage severely curtailed.

Some tenants of course will have recourse to rent supplement and individual landlords will accept reductions in rent to meet the lower limit of the rent supplement payment. Some tenants, however, will not be eligible for rent supplement and some landlords will not accept lower payments. Tenants in house shares, where one or more housemates have moved out for reasons associated with Covid-19, now find themselves liable for the full rent on the property but without the means to pay it. A significant cohort will have a legacy of debt from the crisis, which should be acknowledged and dealt with.

Measures may take the form of

- i. Repayment plans;
- ii. Additional/enhanced financial supports;
- iii. Long-term low interest state supported loans;
- iv. Debt forgiveness schemes.

Since the Covid-19 crisis began job losses have reached unprecedented rates with many households depending on benefits or on significantly reduced incomes. In the current rental market, it is inevitable that rent arrears will accrue. The national average rent is over €1,200, with tenants in cities paying beyond this and in some cases upward of €1,500 per month. At these levels, rent arrears can become unmanageable very quickly. Prior to the pandemic those living in the private rented market were 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 were more likely to have utility arrears than owner occupiers see Threshold's 2019 survey "Topping up - the Cost of HAP" <sup>4</sup>.

Many landlords and tenants will make their own arrangements to deal with rent arrears. Threshold is currently assisting tenants in this regard. However, we note that it may be necessary to provide for some formalisation of this process to ensure that these agreements are binding and that a Notice of Termination for rent arrears cannot be issued where the tenant is abiding by the repayment plan where a landlord has a change of mind. Such agreements could be lodged with the RTB mediation service or the Insolvency Service of Ireland, for example.

In some cases, the level of debt will be beyond the immediate capacity of the tenant to repay on a reduced income. However, where the tenant's capacity to repay is reasonable (where, for example, the tenant is on short time but expects to return to better working conditions of pay in the future) the state might intervene by providing a long term, low interest loan. This pushes the debt out into the future at a level the tenant can repay with the inclusion possibly of an interest free period to enable the tenant to recover somewhat. Such a loan could be granted through the Local Authority system or through, for example, Credit Unions.

Greater issues arise where a tenant cannot pay back the arrears at all and debt forgiveness, such as a debt relief notice, may be required. The Insolvency Service of

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<sup>4</sup> Topping Up - the Cost of HAP, [https://www.threshold.ie/publications/toppinup\\_survey/](https://www.threshold.ie/publications/toppinup_survey/)

Ireland may be best placed to play a lead role in this. However, where a landlord cannot sustain such a loss increased State support may be required. The cost of such interventions will be far less than the financial, social and emotional cost of emergency accommodation. Essentially a package of measures will be required to suit the various financial circumstances in which renters and landlords find themselves in the aftermath of COVID19.

Tenants needed to be afforded a longer time period and increased supports, through advice and advocacy, to tackle rent arrears. A 14-day notice period to pay arrears followed by a 28-day Notice of Termination and request to vacate is insufficient – a second moratorium period would assist in this regard. However, we propose that the 14-day notice period be increased to 28 days, in which time the arrears are paid (in part or full) or a repayment plan agreed upon. A Notice of Termination for rent arrears should only be issued in accordance with the terms of the repayment plan and the Residential Tenancies Act. We are aware through our services that irrespective of Covid-19, arrears generally accrue as a result of a change in circumstances (job loss, ill health, family breakdown) and/or a delay in accessing supports. These, often unavoidable, life events should never result in the loss of home. Moreover, it is unlikely that the impacts of Covid-19 will be over for some time.

Legislative changes may be required to remove the liability for the full rent from tenants' in house shares where some tenants move out.

It is important to stress again that if housing support, in the form of rent supplement or HAP, are provided without delay and to sufficient levels, then rent arrears do not have to accrue to unmanageable levels. It is essential that we do not exit this period with an even greater number of households at risk of homelessness.

## 5. Issue guidance on repairs, moving accommodation and rental viewings

Guidance for renters in relation to standards and repairs during the COVID-19 crisis will be necessary.

There is a need for clear guidance in relation to standards and repairs, access to rented homes by the landlord and issues related to house shares during the COVID-19 crisis. The guidance will vary according to the urgency and necessity of certain repairs, and will need to have regard of those tenants who need to self-isolate.

Such guidance in the context of COVID-19 should advise on the following:

- the carrying out of urgent repairs in the rented home and what constitutes urgent repairs;
- if there is a standards / repair issue which is an urgent risk to the health of the tenant;
- action to be taken if the boiler breaks;
- the provision of regular gas safety inspections;
- what to do where one of the tenants in a house share has the virus;
- access to the rented home where the tenant or indeed the landlord are self-isolating;
- what a tenant should do if they are planning to move to other accommodation in the current situation;
- where a landlord wishes access to the rented home to conduct viewings for sale and;
- where a landlord may need access to the rented home due to malicious or other damage where it might put the tenant(s) or the property at risk.

## **6. Measures to review rent downward**

Whilst there may be an expectation that rents will drop because of COVID-19 there is no guarantee that they will do so or that they will drop to affordable levels. According to the RTB Rent Index Q4 2019, the national average rent is €1,226, 24% higher than the peak in Q4 2007 and 64% higher than the lows of Q1 2012. Average rent in Dublin City is €1,677, in Galway City it is €1,147 and in Cork City it is €1,207. A look at daft.ie on the 5<sup>th</sup> May 2020 shows that at least 40% of properties to rent in Cork, Dublin and Galway city are for over €1,500 a month.

State intervention may be required, as part of an overall housing plan, to push rents downward. Otherwise, households will accrue significant non-mortgage debt, there will be an increase in households living in deprivation and poverty and the cost of housing supports, such as rent supplement HAP and rent supplement, will reach unsustainable levels and homelessness may increase.

Part of this approach will be a long-term effort by the state to reduce its reliance on the private market to provide housing. It is critical that measures to deliver affordable rental and cost rental housing are given priority in the immediate future. The recent reliance on the institutional investment sector to deliver rented housing has not, nor will it, place downward pressure on rents. This can only be achieved by a radical change in the method of delivering housing.

## **7. Referendum on the Cost of Land and the Right to Housing**

The framework document agreed between Fianna Fáil and Fine Gael to facilitate negotiations with other parties contained a commitment to ‘reduce the cost of land to improve the affordability of housing, employing all measures up to and including referenda.’ The need to reduce land costs has been recognised for some time as a barrier to an efficient housing system. Previous measures such as a vacant sites levy and the establishment of Land Development Agency to manage state lands and to acquire private lands are welcome but arguably do not go far enough to ensure the

delivery of affordable housing. A reduction in the price of land would make a significant contribution to the supply of housing. While it is likely that the constrained economic outlook post COVID-19 will have the effect of reducing the costs of land, further government intervention may also be required. In 1973, it was suggested in the Kenny Report that designated land be purchased by local authorities at 25% more than its agricultural value. In 2004, the All-Party Oireachtas Committee on the Constitution found that there were no constitutional barriers to such a measure. Threshold recommends that the incoming government adopt the measure contained in the Kenny Report.

Threshold is part of the Home for Good coalition, a group that includes the Simon Communities of Ireland, Focus Ireland, Respond and the Mercy Law Centre, among other key stakeholders. Home for Good proposes that Article 43 of the Constitution be amended to make it clear that access to adequate, secure and affordable housing is an essential part of the common good. Any amendment can preserve the right to private property, whilst also offering the counterbalance of a right to housing. It will unlock the barrier to essential reforming legislation and be a vital part of ending the current housing crisis.

## **8. Reform of Section 34 of the Residential Tenancies Act**

While the moratorium on notices of termination is most welcome in the short term, it is critical to review the operation of the rented sector in the light of both Covid-19 and the wider housing crisis. There has been a long-term reluctance to see rented housing as individual homes and the legislation around the sector reflects this. The Residential Tenancies Acts provides a landlord with seven ways to terminate a tenancy when there has been no wrongdoing on the tenant's part:

- i. No longer suited to tenant's needs
- ii. Intention to sell
- iii. Required for own use or that of a family member

- iv. Intention to substantially refurbish
- v. Intention to change the use of the dwelling
- vi. Section 34b
- vii. The tenancy has lasted less than 6 months

These grounds undermine the very protection offered to tenants by the legislation.

Threshold proposes the removal of ‘no fault’ evictions from the Residential Tenancies Act. Allowing a tenant to be removed from their home because the landlord wishes to use it for a family member underlines the lack of understanding that the property is the tenant’s home and it only secures the tenants status as a second-class citizen. With one in five Irish families living in rented housing, this is not compatible with the type of PRS we require in Ireland today. We must provide secure, sustainable tenancies of indefinite duration.

Before the COVID-19 pandemic, through our services we know that no fault evictions played a major role in driving homelessness. In 2018, 42% of Notices of Termination challenged at the RTB were found to be invalid. Reviewing Section 34 of the Act and removing “no fault” evictions will reduce the number of adults and children experiencing homelessness in Ireland.

## **9. Return short-term lets to the long-term housing market**

The short-term let regulations were introduced in July 2019 and we are yet to see the benefit of these. At a conservative estimate, based on analysis of data available via the site Inside Air BnB, there were approximately 1,400 non-principal residence homes available as short-term lets in Dublin at the beginning of 2020 and thousands more throughout the country. This is an opportune time to bring these properties back to the market as long-term homes before the tourists return to the country.

While Air BnB, and other short-term letting platforms, have a role to play in the tourism sector, particularly in communities dependent on tourism income, the

extent to which properties suitable to the permanent rental market have entered the platforms is undesirable, as recognised by Government under existing legislation. To date enforcement has not been sufficient to deliver these properties back to the market. In spite of recent media reports suggesting short-term lets have returned en masse to the long-term rental market, the number returned has been low, approximately 250 properties. These have mostly been in central Dublin and they represent a relatively small proportion of available short-term let properties. The number of long-term properties to rent remains low.

Solutions include:

- i. Significantly improved enforcement of the regulations when the tourism market returns to some semblance of normality.
- ii. An interim campaign to return properties to the market. This could include requesting owners to let available properties (appealing to better nature).
- iii. Impose a higher tax on vacant second homes, other than holiday homes, sufficiently high enough to encourage the long-term letting of suitable properties, with a focus on high demand urban areas.
- iv. Introduce a scheme (as below) to encourage the sale of such units to a designated entity for cost or affordable rental purposes.

## **10. State purchase of Buy-to-Let properties (BTLs) which are put up for sale**

This crisis emphasises the serious issues with affordability and security in the sector. While institutional landlords may be able to sustain long-term losses it is likely that smaller landlords will not. If predictions of an economic downturn are correct, the capacity of tenants to pay current rents will be severely diminished. Prior to the pandemic, there was a shortage of units available for rent. Whilst demand may reduce with, for instance, migrants returning home, there will be new demands, as people will be reluctant to live in shared accommodation. It is difficult, therefore, to see how a significant reduction in rents can be achieved across the board unless

action is taken. This will be exacerbated by the impact of the pandemic on the construction sector generally.

It is likely, for instance, that demand for purchase in the market may be reduced, from both individual house buyers and the institutional private rental sector, which in turn will impact the ability of project promoters to bring new developments to the market and adversely affect already constrained housing supply in Ireland.

A particularly complicating factor in the Irish context is the expected reduction in institutional capital for the PRS. In 2019, an estimated 85% to 90% of the 3,500 new apartments for rental brought to the market in Dublin were delivered through a combination of PRS forward funding and forward purchase.

A further complicating factor is the likely reduction in lending for residential developments as banks and other lenders respond to the current crisis and reassess funding for residential development.

Therefore, whilst the underlying requirement for new supply will remain strong driven largely by demographics, the medium- and longer-term impacts of COVID-19 could further exacerbate existing supply and demand imbalances. As outlined earlier, the effects of this would be felt disproportionately by the most vulnerable cohorts in the private rental market.

It is also likely that demand for purchase in the market may be reduced, as incomes will be depleted to varying extents depending on the duration of the crisis.

We propose the State acquires properties directly from BTL property owners who wish to exit the sector and forward funds and forward purchases new houses and apartments to activate supply that would otherwise be delayed.

This current situation may prove to be the last straw for many landlords. If a tenant is unable to pay current market rents (bearing in mind that rent supplement is significantly below market rents even if the tenant is eligible) and a landlord is not

able to bear the reduced rent, a lacuna exists. The tenant will incur significant debt and the landlord may be in mortgage arrears or dependent on the property for income. A possible solution is for the state, through an AHB, local authority or the Housing Agency, to acquire the property directly. It is likely that property prices will fall and by purchasing directly from a landlord there may be cost savings that can be achieved (no auctioneer will be required for example other than to value the property). While this scenario is most likely to apply where the tenant was not in receipt of benefits before the crisis, it might also arise where the tenant is no longer able to pay the HAP top up due to reduced income. HAP tenants can legitimately top up HAP payments as long as it does not require them to spend more than one third of their income on rents.

A similar approach should be considered to help shore up end-demand for new supply through funding for AHBs, local authorities, the Housing Agency, Land Development Agency or other appropriate entity to acquire new supply. This could involve forward funding and forward purchasing arrangements to enable new developments to commence – for the provision of affordable rental properties and homes sales through a rent to buy (see below) or shared ownership model.

Properties purchased through the mechanisms outlined above should not enter the traditional social housing sector but could become part of a new ‘affordable’ or ‘cost’ rental sector. In this way this sector will avoid the difficulties of the traditional local authority provided social housing sector with regards to its sustainability and will cater for that segment of the market, which finds itself just above income thresholds for social housing and is amongst the most vulnerable in the private rental market. The use of these measures would also enable the cost/affordable sector to acquire a critical mass of properties at a far greater rate than otherwise.

## **11. Rent-to- Buy**

As things stand, it is more expensive to rent than to buy in most of the urban areas of Ireland. Using an enhanced Rebuilding Ireland home loan the government could introduce a scheme that incentivises the sale of properties from landlords to tenants in a manner that circumvents the deposit requirements that so often prohibit purchase. This would be possible if the state aid rules were altered and would mostly benefit those who have work after the pandemic on a reduced income. This is not new; in the 1930s, 40s and 50s for example SDA (local authority) loans were used for this purpose. A version of Shared Ownership (shared equity) could be used also where the vehicle retains part of the ownership that can be acquired by the tenant at a later stage. It may be possible also to introduce an enhanced Help-to-Buy scheme guaranteeing deposits for low income tenants buying existing properties as this would ensure more stable communities than if PRS units were vacated and left unoccupied.

## **12. Develop new standards for the Private Rented Sector and Shared Accommodation.**

Covid-19 has demonstrated the inadequacy of shared accommodation particularly houses in multiple occupation, hostels, B&Bs/hotels and family hubs when an epidemic occurs. Other issues now arise with dedicated student accommodation where there are shared spaces. Co-living developments are unsuitable in the face of such pandemics. We favour an open consultation on how we can move to securing standards that will protect human health and safety. It seems essential that these standards will include a move to the provision of self-contained accommodation as standard. In the short-term, this may be achieved through the repurposing of units, internal reconfiguring and so forth.

### **13. Repurpose Existing Accommodation**

The emergence of Purpose Built Student Accommodation (PBSA) had relieved much of the pressure on the PRS in areas such as Cork and Dublin, as well as combating negative perceptions of students by local residents in traditional areas where students congregated. They are well maintained and many have attractive features to students such as independent living quarters, good facilities and access to local amenities such as shops and transport links.

According to the National Student Accommodation Strategy (NSAS) in Q3 2019, 8,229 PBSA spaces have been completed since the launch of Rebuilding Ireland whilst 5,254 bed spaces were under construction and 7,771 additional bed spaces had planning permission granted. A further 2,395 were at the planning permission application stage. These blocks are largely securitised and monitored extensively through CCTV intended to monitor large groups of students to ensure safety on the grounds of the developments. A further benefit is that the majority of PBSA blocks provide on-site private and secure parking.

Pre Covid-19, there was a perceived need for this type of accommodation for many reasons, including those outlined above. The blocks were particularly attractive to international students as numbers grew across our universities. Indeed, international students exclusively occupied some of the new complexes, and their creation produced new residential geographies in the city.

However, according to an article in the Irish Times (21/04/20), income from overseas students will be wiped out. The article suggests that the drop in revenue will run into hundreds of millions. Universities expect international student numbers to drop by 80% in the new academic year.

This of course will have a major impact on filling the increased bed spaces in PBSA accommodation that has already been supplied or is in the planning stages. Not only will a major drop in international students affect occupancy rates, but also the

increased introduction of online courses post Covid-19 may see more and more indigenous students living at home.

It may be necessary, and indeed desirable, to consider how this PBSA accommodation can be repurposed to provide necessary accommodation such as affordable key worker accommodation, accommodation for families given the nature of self-contained units with bedrooms, or indeed temporary accommodation. Much of the PBSA accommodation is in high-density urban areas and as such could meet this need.

Attention should also be given to repurposing existing 'over the shop' and empty retail units. While this has been attempted in the past, the numbers of units brought into the system remains low. We suggest further consideration be given to these measures. Again, a designated entity with the skill and capacity to deliver volume and achieve economies of scale could assist this process. Aside from essential accommodation such a strategy, if successful, would bring vibrancy back to the centres of our cities and towns

#### **14. National Strategy for Single Persons**

Currently single persons constitute 40% of the housing waiting list. They are particularly dependent on private rental housing. Supports (HAP, RS) are not sufficiently generous to secure accommodation for this cohort historically, which often forces single people to accept less than adequate housing. In addition, social housing developments are in the main 2-, 3-, 4-bed accommodation. There is a serious miss-match between the proportion of single person households on the list and properties developed by Local Authorities or AHBs. Void units, due to their standard size, are rarely allocated to single persons in large urban authority traditional social housing developments. Moreover, void units in traditional estates could be subdivided to accommodate a greater diversity of tenant and therefore benefit the community at large.

As we have seen, the Covid-19 crisis has highlighted the often precarious housing situations of single people, for example, dependence on shared accommodation and the health risks attached. Therefore, a national strategy for this cohort is necessary to ensure that the need for a shared room is eliminated.

### **15. Extend Energy Retrofit Schemes to the PRS**

Threshold welcomes the commitment, contained in the Green Party's letter to Fine Gael and Fianna Fáil to a Deep Retrofit scheme for residential properties. However, in the context of the PRS, action is required on the split incentive which exists. This problem emerges where the tenant pays the energy costs, while the landlord pays for any upgrades. This produces a situation where the landlord wants to keep upgrade costs low, and has no incentive to invest in up-front measures that would improve energy efficiency. Hand-in-hand with a transition towards a low carbon economy and zero carbon buildings, decision makers should ensure that the laws governing the rental sector are part of a coherent national effort and that transition to low carbon housing is just, especially for those at the lower end of the market. The Residential Tenancies Act allows a landlord to evict a tenant to carry out substantial renovation (and to charge more rent). The majority of people who enter homelessness do so from the private rental sector. There is a danger that schemes, which encourage energy efficiency however well intentioned, could have the unintended result of driving people at the lower end of the rental market into homelessness.

# APPENDICES

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## The Housing Assistance Payment

We propose the HAP Shared Services Centre (SCC) delays the process for sending out letters notifying landlords of rent arrears and does not stop HAP payments to the landlord during the emergency period.

Timelines for the collection of arrears by the SCC will need to be pushed out. It is our understanding that arrears payments are expected in full in a short time frame or the HAP payment to the landlord is cancelled and the tenancy deemed lost. This will need to be revised to allow repayment of arrears in instalments. Many who lose their jobs may be facing a long period of unemployment and will not be able to make lump sum payments.

Threshold has already highlighted the challenges this poses for HAP tenants in severe financial difficulty. In the context of the COVID-19 pandemic, it is an unrealistic system.

We know from experience that the rent arrears letters, issued by HAP SCC, can result in immediate action by a landlord to evict a tenant. Considerable intervention and mediation is required by Threshold advisors to prevent this from happening to keep the tenant in the home whilst the tenant pays the arrears. Pushing out the time line will give HAP services time to make the necessary adjustments to differential rents and allow the tenant time to make up the arrears