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Workshop 15 - Welfare Policy, Homelessness and Housing Exclusion
Promoting Good Standard Rental Housing: Irish
Experience

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Promoting Good Standard Rental Housing: Irish Experience

ABSTRACT

The problem of poor dwelling standards is not confined to low growth or low income regions. Although Ireland has a relatively high proportion of recently constructed housing, substandard accommodation remains an issue - because the demand for housing is so great. Moreover tight housing markets are set to continue according to most economic forecasts, particularly as immigration is predicted to stay high. Owner occupiers of lower quality dwellings have greater wealth to use for upgrading their properties, and an ambitious regeneration programme is underway for social rental housing. But there is a persistent quality problem at the low-priced end of the private rented sector, where many vulnerable households are forced to live.

The paper examines Irish attempts to eliminate substandard private rented accommodation, and the associated higher risk of poor health, fire accidents and involuntary mobility. Under scrutiny are the government's initiatives to set and enforce minimum statutory dwelling standards, legislation spelling out and enhancing tenant rights, financial incentives to increase rental supply and new rental support (demand subsidy) schemes. In addition, the proposed campaign strategy of Threshold, the national housing organisation, to get effective measures adopted to raise standards will be outlined and feedback sought.

Introduction

Threshold is a national, non-profit housing organisation in Ireland that focuses on the private rented sector and is partially funded by the state. It has been campaigning since 1978 for a better deal for people making their homes in the private rented sector.¹ While conditions for private renters are slowly improving in certain respects, a gap persists in the government's regulatory policy that adversely affects those who are most vulnerable. Affordability problems are worst in the private rented sector (Fahey, 2004) and there are households living in conditions that do not even meet the most basic standards for dwellings. Especially in a rich country like Ireland, where GNP per head is €29,756 (OECD, 2006), it is unacceptable that this situation is tolerated. Resort to substandard accommodation is no way to address housing shortages and the scourge of homelessness.

¹ The author is an employee of Threshold. The Chairperson of Threshold, Aideen Hayden, spear heads the campaign for better rental housing standards.

This paper looks at the available data on housing standards in Ireland. It reviews government efforts to address the problem of inadequate rental accommodation in a context where demand pressure has been persistently strong. It considers alternative means for promoting decent housing in the private rented sector, particularly Threshold's proposed reforms, and reflects on the relevance of initiatives underway elsewhere in Europe.

Context

Irish housing market

"Over the last decade, unprecedented economic growth has seen the level of Irish GDP almost double in size." (www.esri.ie) Much Irish housing has been built during that expansionary period. In 2005 there were 80,957 house completions about three times the level of output in 1994 (DOEHLG Annual Statistical Bulletins). According to the *Regular National Report on Housing Developments in European Countries: Synthesis Report*, 36% of the permanently occupied dwellings in Ireland had been constructed since 1980 and 23% since 1990 when legislation was enacted for building control regulation. By comparison, only 10% of Italian dwellings, 25% of German dwellings and about 13% of UK dwellings were of post 1980 vintage (Norris M and P Shiels, 2004).

Despite the high rate of construction, strong demand for accommodation persists especially in Dublin. The pressure comes both from immigration and a steady decrease in household size.² Ireland's population grew 8% from 3.6 million in 1996 to 3.9 million in 2002 and the count is expected to rise to 5.3 million by 2020 (O'Connor, J and CSO, population estimates). The number of households grew even faster than the population between 1996 and 2002, by 15% (CSO, 2002). The immigrant flow places particular pressure on the private rented sector. The foreign born population in Ireland climbed from 3.2% in 1996 to 6.3% in 2005 (Doyle, 2006). House prices and rents are high especially in Dublin. "Since 1996, house prices have increased threefold nationally and almost fourfold in the Dublin region" (Weston, 2006). Older dwellings of dubious quality still attract occupants and conditions in others deteriorate as too many share accommodation in order to reduce individual rental costs.

Housing standards

While substandard housing in the private rented sector is not the only or necessarily the major locus of the problem, it is critical. Doubtless some of the 78% of houses that are owner occupied have faults but in most cases the increased value of the property asset could finance the repairs.³ Poor standards have been documented in some social rental housing which a major regeneration programme should address over the next few years.⁴ The private rented sector is different; relationships between the players are driven by market forces and ability to pay. It is in the segment where low income households compete, both those earning low wages in the labour market and those mainly dependent on welfare, that inadequate standards can persist and cause harm.

Damp, poor ventilation and heating contribute to ill health; portable heaters, overloaded sockets, broken windows increase the safety risks. Unsatisfactory housing is also likely to undermine household stability as tenants frequently move on without settling into communities. The lack of

² Ireland's housing stock amounts to 340 per 1,000 population compared with the EU average of 470 per 1,000 population. (O'Connor, 2006).

³ A few owner-occupiers get grants to help pay for up-grading.

⁴ According a large sample survey 70% of local authority renters reported central heating compared with 86% of private renters and 97% of owner-occupiers paying off a mortgage. (Watson, 2003).

a decent home undermines the ability of household members to build satisfactory lives.⁵ It isn't only singles and young couples who rent privately; lone parents also are tenants. At the end of 2005, 13,889 households whose income was primarily the One Parent Family Payment were living in the sector (DFSA 2006).

Need for consumer protection

It was the shocking conditions that Fr. Donal O'Mahony discovered in private rented housing that prompted him to establish Threshold almost thirty years ago. Recent experience demonstrates that problems persist. During 2005 Threshold helped 11,006 housing consumers, 57% of whom had annual household incomes below €15,000, and 78% of whom lived in the private rented sector. Amongst tenants coming to Threshold 779 had major problems relating to the condition of their dwelling. A survey undertaken by Threshold in Cork revealed that one half of the rent supplement recipients interviewed lived in private rented accommodation that failed to meet basic standards in one or more respects, as shown on Table 1.

Table 1 Cork survey respondents reporting substandard accommodation

<i>Standard</i>	<i>Percent with difficulties</i>
Sink with hot & cold water	11%
Moisture getting in through walls	21%
A leaking roof	7%
Windows not closing properly	17%
No secure handrail	3%
Windowless rooms (excluding bathrooms)	7%
Mould on walls or ceilings	26%

Based on interviews with 70 persons in receipt of rent supplement who lived in Cork City. Threshold (2005) *Seeking a home on rent supplement: Experience in Cork City in 2004*

Other organisations who work with people in poverty or experiencing social exclusion have voiced their concerns about the existence of poor standard accommodation. Barnardos, the children's organisation has observed a high incidence of unacceptable accommodation amongst its client group of children, adversely affecting their health and well being. The largest voluntary agency in Ireland, Saint Vincent de Paul in its *Pre-budget Submission 2006* proposed that government "Ensure that all Private Rented Sector dwellings are brought up to and maintained to a standard fit for human dignity." The Combat Poverty Agency's *Submission on a New National Partnership Agreement* (November 2005) raises the issue, while OPEN (the One Parent Exchange and Network) is conducting research jointly with Threshold on dwelling standards, funded in part by the Combat Poverty Agency, due to concerns about the quality of private rented accommodation occupied by lone parent families.

In the consumer, worker, transport and even environmental fields, protection advanced enormously after Ireland joined the EU. Today diners in a restaurant expect that the kitchen of the premises is regularly inspected to ensure sanitary standards are complied with. Road users expect vehicles to be road safe, and there is a testing programme for all autos over two years

⁵ An additional concern relates to social equity. Empirical research on EU states finds a particularly significant difference in the level of satisfaction with their housing between Irish owners and renters, part of which is explained by differences in the quality of their housing. See Elsinga, (2004).

old. Health and safety regulation in the work place has become much stricter. Even house purchasers are better protected today, with the advent of Homebond the construction industry's quality guarantee scheme. A raft of consumer legislation now shapes conduct in most markets that ordinary people encounter. In particular a consumer can insist that a good is 'fit for the purpose', that it can in fact do what it is sold as being capable of performing.

Someone looking for a home to rent is a consumer, albeit one who is poorly positioned properly to determine a dwelling's safety and adequacy. Their familiarity with building standards typically is limited, and they may feel unable to reject or walk away from a letting, especially in tight urban markets. It is homes – the focus of family life and haven from the outside world – that is at issue. Few consumer goods more strongly merit protection.

Dwelling standards

What most Irish people would consider essential features of a home has changed in response to strong and sustained economic growth over the past decade. Even by the turn of the century, for example, 93% of households had a washing machine, 83% had full central heating and 54% had double glazing (CSO, Household Budget Survey 1999-2000). Regulations stipulating minimum dwelling standards were established in 1993 for private rented accommodation. Unfortunately these statutory standards are far below today's norms.⁶ Their limitations are illustrated in Figure 2. The regulations pay minimal attention to fire hazards.

Figure 1 Existing Statutory Minimum Standards for Rental Dwellings

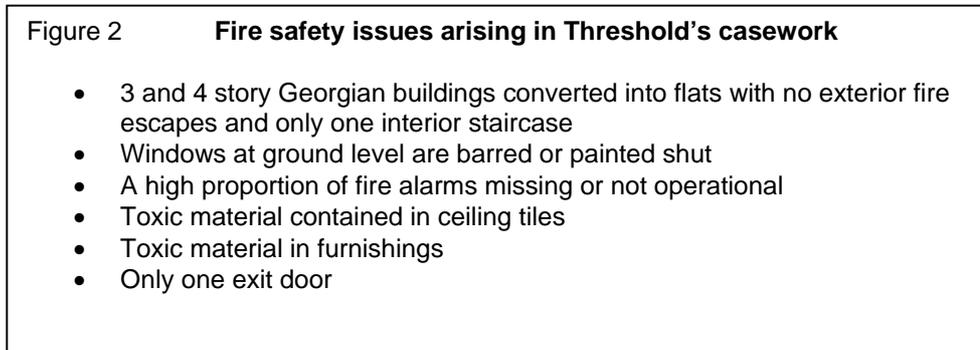
- The "roof, floors ceilings, walls and stairs must in good repair and not subject to serious dampness or liable to collapse". – *But not that kitchen and bathroom floors and shower have watertight finish.*
- Running hot and cold water. - *But not necessarily in both kitchen and bathroom*
- A bath and/or shower. – *But may be shared with another household and may be on another floor of the property. Up to four one-person flats can be served by a single toilet and bath or shower.*
- Adequate, natural and artificial ventilation, lighting.- *But not necessarily a window in the bedroom or living room*
- Adequate means for heating, installing cooking equipment and food storage. – *But no requirement for fixed heating system such as gas or oil central heating or for provision of a cooker.*
- All electrical and gas supplies must be in good repair and safe working order. – *But safe exits in the event of fires not covered, nor that sufficient sockets be supplied to meet modern needs for television, DVD, microwave etc*
- Common areas, facilities and stairways must be in good repair and safe working order. – *But smoke alarms are not required under this legislation.*

Fire regulations

During 2004 there were 8,816 fires in residential premises attended by a Fire Brigade, 35 of which resulted in deaths (DOEHLG, *Fire Services Statistics Bulletin 2004*). Although the statistics provide no breakdown by age or type property nor by tenure, it can be assumed that renters were amongst those made homeless. The *Fire Services Act 1981* establishes standards and empowers the authorities to inspect existing multiple dwelling buildings. The Department of

⁶ Housing (Standards for Rented Houses) Regulations, 1993 based on the Housing (Miscellaneous provisions) Act 1992.

the Environment, Heritage and the Environment issued general guidance about fire safety in flats and apartments (DOEHLG 1994). Figure 2 illustrates the nature of the fire safety problems evident in the private rented sector.



Building controls

Since 1992 all new dwellings have been subject to material and design standards under the Building Regulations, including rules about fire safety, building structure, materials, ventilation, hygiene, heating appliances and other aspects of building.⁷ By law, before commencing construction, developers of new flats and apartments should obtain a Fire Safety Certificate based on plans that comply with fire safety norms. Although construction of single dwellings should also comply with the Building Code Standards, they are largely untouched by the enforcement of fire and building control legislation. Single dwellings accounted for 105,674 rental units compared with 60,372 rented apartments and flats, as reported in the 2002 Census.

A problematic type of housing is termed by the 2002 Census "flat or apartment in a converted or shared house" which includes houses in multiple occupation. Two thirds in the category had been built before 1941. Some 80% are rented, housing over 20,000 tenant households consisting of 35,815 persons. Twenty eight percent of all private rented dwellings in 2002 were built before 1941.

Rule making is not enough

Stipulating a rule and practice on the ground do not necessarily coincide. Threshold is not only concerned about the content and coverage of the standards for rental dwellings that are set by government but also their enforcement.

Recipients of rent supplement constitute a major source of demand for low cost rental housing; these are welfare dependent households who must find accommodation within the rent ceiling set for their household size and area. At the end of 2005 there were 60,000 recipients. Although their Community Welfare Officer (CWOs) must approve a letting, rarely is the dwelling checked for quality; CWOs are not authorised to establish if a dwelling meets the minimum standards. Hence the situations uncovered by the survey shown on table 1.

The legislation underpinning the minimum dwelling standards authorised local authorities to enforce them, and provided resources through the registration fee levied on landlords. Neither

⁷ The rules are strengthened from time to time. Currently a Bill is proposing limited changes to improve compliance.

in getting registrations nor in conducting inspections did local authorities perform satisfactorily. Since the regulations came into force Threshold has repeatedly pointed out that landlords with illegal, sub standard dwellings remain active in the rental market, earning profits. Table 2 shows the level of enforcement activity and number of private rented units in the housing stock for selected local authority areas. Activity varied widely across the jurisdictions. During 2004 Irish local authorities reported a total of 7,232 inspections of an undisclosed but lesser number of houses, apartments and flats.⁸ The inspections uncovered 2,106 dwellings that failed to meet the basic legally required minimum standard, i.e., more than 29% of the dwellings inspected were unfit. Four legal actions were taken and an unspecified number were deemed acceptable upon re-inspection.

Table 2 Rented dwellings by selected geographic areas and occupancy tenure; Number of inspections of private rented accommodation

	Number of Local Authority private rented standards inspections, 2004	Private rented dwellings, 2002	Inspections as % of rental stock
Dublin City	4354	37863	11
Dun Laoghaire-Rathdown	678	7212	9
Fingal	1188	4941	24
South Dublin	92	4815	2
<i>Dublin subtotal</i>	<i>6312</i>	<i>54831</i>	<i>12</i>
Cork City	730	7830	9
Galway City	94	5826	2
Limerick City	6	3290	-
Waterford City	0	2044	-
<i>City subtotal</i>	<i>7142</i>	<i>73821</i>	<i>10</i>
STATE	7232	141459	5

CSO 2002 Census Volume 13 Table 2; DOEHLG *Annual Housing Statistics Bulletin 2004* page 86

Due to inadequate monitoring and enforcement, the number, type and location of rental accommodation failing to meet the basic standards of the 1993 Regulations is unknown. Another, albeit different, indicator is available from a large sample survey undertaken during 2001-2002; 17% of private renters said they were dissatisfied with the condition of their accommodation, compared with 8% of the full sample.⁹ Based on the 2002 Census statistics, that finding implies that some 25,000 households renting privately considered their accommodation to be inadequate.

Fire safety inspections in the residential sector are uncommon although that is where most fires occur. The Chief Fire Officer's Association (CFOA) has voiced its concerns about weak enforcement of fire safety regulations. In a letter to Threshold the Association's Secretary stated,

⁸ Inspectors can inspect a dwelling many times in an effort to get the landlord to comply without going to court.

⁹ Watson, (2003). Respondents had been asked about a variety of conditions including damp and mould, state of repair, heating, problems with doors or windows. Taking all forms of tenure together, there was a positive correlation between when the accommodation was built and the percentage dissatisfied.

“The CFOA are not confident that occupied residential properties that could pose a fire risk (e.g. due to their age or dilapidated state) have a high probability of being inspected by fire authorities....The existing building stock is by and large ignored due to the lack of staff to deal with this area...[However] where a problem/complaint is brought to the attention of the fire authority an inspection will generally take place”¹⁰

The protection afforded newer homes through the Building Regulations also is uncertain. For example a recent survey found unsatisfactory levels of compliance with Part M of the Regulations that stipulate building standards, such as the width of doorways, to allow a wheelchair user access to visit new houses (Rogerson, 2005). Another expert study noted that many local authorities were slow to reach the government’s proposed target of 12%-15% of new buildings being inspected, a target that does not take into account the importance of repeat inspections of a site at different stages in construction (ACEI et al 2004). The experts concluded, “The reality is that a person with no knowledge or interest in the [Building Control] Regulations, who wishes to evade the system can do so, with all the potential consequences for building standards, safety, and consumer protection.” The Fire Chiefs stated, “Only somewhere between 0 and 1% of post fire safety certificate residential [new build] multi-unit developments are monitored on the ground by the fire authority to ensure the agreed safety features are installed.”

Rebalancing Rights

The architect or developer of a new home should affirm that a property is “substantially compliant” with the building regulations, and the home buyer’s solicitor and the landlord’s insurers (should the landlord decide to insure the property) ought to check that the property complies with statutory requirements. But if the absence of any notices of problems with the dwelling is because of the lack of inspections, and the known minimal risk of inspection, then the buyer, and the renter, is not protected. While the buyer, because of the investment interest, can justify the cost of an expert survey, the renter of a dwelling has no option but to depend on whatever system of protection exists.

The *Residential Tenancies Act 2004* reiterates the landlord’s obligations under other legislation including the 1993 Regulations and it spells out the tenant’s right to a state of repair of the premises “in, at least, the condition in which they were at the commencement of the tenancy”. The Act establishes an inexpensive, expert dispute resolution mechanism in the Private Residential Tenancies Board (PRTB), should either side consider its rights to be infringed.¹¹ Landlords are prohibited from victimising tenants who seek to assert their rights. The mandatory registration of tenancies by landlords also contains more incentives for compliance than did the previous regime.¹²

The fact that very few dwelling standards and repair cases have been taken to the Board since it became fully operational at the start of 2005 suggests that the legislation by itself is insufficient to generate adequate dwelling standards. Tenants, especially if difficulties were encountered finding a place, can be reluctant to complain because they fear retaliatory action by the landlord or because they hope they will occupy the premises only for a short period of time.¹³ Tenancies

¹⁰ Letter dated 20 October 2005.

¹¹ Only the local authority can determine if a dwelling complies with statutory standards.

¹² At the end of 2005 81,000 tenancies were registered with the PRTB.

¹³ The Senior Environmental Health Officer of Dublin City Council reported in an interview that only 13% of inspections (398) were in response to complaints by tenants.

have an initial six month period when 28 day notice to quit without cause can be given by the landlord.

Increasing Supply

Substandard accommodation can be forced out of the housing stock if supply is expanded so that home seekers, even those on tight budgets, have choices. Despite supply-oriented policies, this has not occurred in Ireland. Much new supply has been targeted at better off households while at the same time the sector absorbed the impact of faltering levels of social housing output and high immigration levels.

The long term decline in number of private rented dwellings was reversed in the last census. Although the sector's share of Ireland's housing stock had slipped to 7% by 1991, by 2002 it had climbed to 11% (CSO, 2002 Census). Over recent decades a number of tax incentive schemes were created, some of which were designed to attract buy-to-let investors (KPMG, 1996). The incentives helped to stimulate construction of multiple unit properties that appeal to investors. During the early 1990s about 4% of new build was apartments (854 units in 1992); in 2004 the share had grown to 21% with 16,106 apartments completed. In Dublin City 68% of total completions in 2004 were apartments, many of which would have been let rather than occupied by owners.

Expansion of private rented accommodation did not necessarily mean more low cost rental housing. For example, practitioners in the sector remark on the increased number of middle income households staying longer in the sector while they save for home purchase and the numbers of young professionals attracted to new complexes in city centres. Survey findings for 1999-2000 reveal that the percentage of privately renting tenants in the top two household income quartiles was the same as for the population as a whole (Drudy, 2005). Also growth in the private rented sector coincided with retrenchment in the traditional low cost source, social housing provided by local authorities and housing associations. Council housing continued to decline, slipping from 10% to 7% of the total housing stock between 1991 and 2002.¹⁴

Prices charged for private rental accommodation are high in relation to the minimum wage and welfare rates.¹⁵ For example, bedsits, the cheapest accommodation in Dublin City centre averaged €128 per week in a survey conducted in October 2005 by Threshold's Access Housing Unit. A full time worker on the minimum wage (of €7.65 per hour) employed on a 39 hour week would hand over 42% of his or her gross income if paying that rent. A single person eligible for the rent supplement housing allowance is limited to accommodation at a rent no higher than €120 per week.¹⁶ Indeed the Access Housing Unit in repeated surveys of the bedsit market found few units to let within the rent ceiling and practically none willing to take someone on rent allowance. Threshold's survey of rent supplement recipients in Cork found that one in five were having to give landlords a top up above the rent supplement allowance (Threshold, 2005). Even a full time worker on the average industrial wage, earning €30,125 a year would pay 37% of gross income on a one bedroom apartment in Dublin (DAFT, 2005). Choice at the low end of the rental market is a phantom concept.

¹⁴ In 1961 there were over 124,000 local authority rented dwellings compared with 88,000 in 2002. CSO, (2002).

¹⁵ Rents for social housing tenants are geared to income and typically are far below rents in the private sector. See Watson, 2003.

¹⁶ Rent supplement is restricted to people eligible for welfare, in housing need and working less than 30 hours per week.

New Rental Allowance Scheme

Although not prompted by the dwelling standards issue, a recent policy development has increased government's attention to it; a replacement for the rent supplement scheme for those living in private rented units on the allowance for 18 months or more is gradually being rolled out across Ireland (DOEHLG, 2005). Local authorities take responsibility for switching households over to the new Rental Allowance Scheme (RAS), and they will source private rental as well as social housing for those assessed to be in long term housing need.

The local authorities are beginning to inspect the dwellings currently occupied by target households as well as ones offered by landlords interested in participating in the programme. It is understood that some authorities, even though they have been responsible for enforcing standards for over a decade, were taken aback by the number properties failing to meet the 1993 standards. Certain authorities plan to accept for RAS only those properties offering quality levels and facilities in excess of that required under the 1993 rental dwelling standards regulations.¹⁷ In implementing RAS although the initial step has mainly been to consider properties occupied by eligible households, the plan is to negotiate Public Private Partnerships to deliver alternative accommodation as necessary.

If RAS is successfully implemented it will help to ensure that a significant minority of vulnerable households have dwellings that at least meet the 1993 minimum statutory standards. Some 60% of rent supplement recipients, whom at last count numbered about 60,000 are estimated to be eligible for RAS. A major concern from Threshold's perspective is the pace at which RAS is being implemented. During the first phase (2005 until early April 2006) only 44 private tenancies had been transferred from rent supplement into RAS. Although a progressive step, the new Scheme does not ensure that rental accommodation is fit for the purpose of providing homes to many of those in need.

Threshold's certification proposal

Threshold advises and advocates on behalf of tenants, especially those living on low incomes in the private rented sector. To realise the right to decent housing Threshold is developing the case for a mandatory certification system for all privately rented dwellings, confirming that they comply with the (up-graded) minimum statutory standards regulations and important fire and safety regulations.

No doubt the majority of landlords rent dwellings that exceed the minimum standards, and they would resent the imposition of a major inconvenience and expense. Introducing a comprehensive system is appropriate in the context of a universal entitlement to adequate shelter, but it must be simple, practical and not costly to rule-abiding property owners, nor to their tenants.

Under Threshold's reform proposal landlords would be required when they register a tenancy with the Private Residential Tenancies Board to provide documentary proof - certification - that the dwelling concerned satisfies minimum standards that make it fit for the purpose of living in as

¹⁷ Dublin City Council for example is expecting the kitchen, floors and furnishing to be in good decorative condition, that there be a fire blanket in the kitchen, fire extinguisher, smoke detectors working, central heating be controlled by tenant, a fire safety certificate where applicable.

a home.¹⁸ The ‘proof’ would be a certificate of compliance from a member of an approved profession (i.e., of an organisation that is registered with DOEHLG and is subject to oversight checks and sanctions) or equivalent documentation. An estimate of the cost of obtaining authoritative certification would be in the region of €300 per unit, or €8 per month, assuming a four year validity period. If the landlord could produce evidence that the dwelling had recently passed inspection by the local authority or that the property was built subject to Building Control Regulations (e.g. dated Homebond guarantee, architect’s opinion of compliance or similar completion document), this would be accepted by the PRTB as equivalent to certification.¹⁹

The first step towards a certification regime is to get the existing minimum statutory standards modernised and extended. The standards to be met would include modernisation of the features covered in the 1993 Regulations under the Housing (Miscellaneous Provisions) Act 1992, certain fire and safety regulations and particular additional factors appropriate for higher density, multiple unit properties.²⁰ There would be a phase-in period before certification became mandatory. The move to a fit for the purpose certification regime will take time as the scale of the task is considerable. Table 2 shows that more 75,000 private rented units would not have been subject to Building Control Regulations because they were built before 1990.

Threshold envisages local authorities continuing to oversee compliance with the (up-graded and integrated) standards regulations; they would conduct risk-related dwelling inspections and respond to tenant complaints with inspections, and if necessary, issue notices and take court action, irrespective of the existence of a valid certification. The arrangements for allocating them a portion of the tenancy registration fee revenue would be reformed, as promised by DOEHLG, to support those local authorities who adopt proactive risk-based enforcement.

Table 3 Private rented dwellings by period in which built

	<i>Number of private rented dwellings</i>
Built before 1919	22850
Built before 1990	75628
Built 1991 or later	46869
Date built not stated	18962
Total	141459

Note: Not all dwellings reported in the Census are subject to tenancy registration with the PRTB. CSO 2002 Census Volume 13 Table 34.

¹⁸ At present landlords have to provide a range of information about the tenancy and recent government initiatives mean that the landlord must be registered to claim tax relief and to house rent supplement recipients.

¹⁹ Even though monitoring compliance with the Building Regulations has been weak, evidence from the UK, based on detailed house condition surveys indicates that it is older properties, especially house conversions, that most often fail to meet the minimum standards. See ODPM, (2006). Eventually under Threshold’s proposal proof for post 1990 properties would be replaced by inspection-based certification.

²⁰ Additional issues merit consideration as higher density housing grows in importance, notably storage and recycling facilities, sound and weather proofing, communal facilities and economical clothes-drying facilities. Maximum occupation limits may be another feature, up-dating provisions in the 1966 *Housing Act*; overcrowding, where too many people share rented accommodation, is an increasingly common problem flagged up by immigrant organisations.

Social housing tenants are also entitled to homes that meet basic standards.²¹ Although modernisation of the content of the minimum standards should also apply to that stock, the proposed certification system probably is inappropriate. Social housing tenancies are not registered with the PRTB. More important, social housing tenants, in contrast to private tenants, typically expect to remain in their dwelling for the longer term and tenure in practice is exceptionally secure; they are unlikely to be afraid to make complaints about disrepair or lack of amenities. The challenge in the case of social housing is to devise a regime that provides enough funding for maintenance and prompts social landlords to respond to complaints.²²

Dwelling standards initiatives in other jurisdictions

Few European states have a significant profit (including capital gain)-maximising private rented sector catering for lower income households, with whom policies on dwelling standards can be compared.²³ Private rental housing in countries such as Germany, France, Sweden and the Netherlands is provided predominately by institutional landlords who typically have a social inclusion dimension in their mandate. By contrast Irish private rental housing is fragmented with small scale, part-time landlords dominating the sector (Threshold 2001).

Investigating how standards for the existing stock are set and enforced on the western European continent proved difficult.²⁴ Evidently a post war history of high building standards, financial incentives, agreements and performance requirements rather than prescriptive specifications often feature. This reflects different housing and income systems from those in Ireland. For example, the European Private Law Project Forum observes that in Sweden the right to a minimum standard is quite extensive, including an expansive definition of the phrase is 'fully serviceable'. Accessibility rules, tenants' associations and tenant rights, including entitlement to regular renovations, have contributed to the establishment of good quality accommodation in that country.

Although the situation in the UK more closely resembles that in Ireland, the policies adopted there either are brand new, and therefore require evaluation, or their suitability to Ireland appears doubtful.

In England the private rented sector accounts for about 10% of the housing stock, and surveys reveal that it is relatively older and of poorer quality than the other tenures.²⁵ Licensing private rented housing as a means of ensuring adequate quality was looked at during the 1990s not followed up (Joseph Rowntree Foundation, November 1995) although mandatory licensing of landlords with houses in multiple occupancy was established recently. An elaborate "housing

²¹ The minimum dwelling standards regulations were extended to cover local authority housing in 1998.

²² Local authorities such as Dublin City are developing cyclical maintenance and repair policies.

²³ FEANSTA (March 2005) notes that some European countries employ a 'fitness for habitation' test but that its content varies.

²⁴ Norris, (2004) provides information on recent development in housing quality regulations across Europe but these pertain to new construction only. Building standards typically apply to residential construction in European states. But even for new housing comparisons of minimum requirements are exceedingly difficult to make, as evidenced by Sheridan (1999) in a European study for the UK government.

²⁵ "The private rented sector in England contains a high concentration of older and poorer quality dwellings with 45% built before 1919 and about half of all dwellings in the tenure fail to meet the standard for decent homes... [Also] dwellings in the sector tend to need the most costly repairs to bring them up to the decent homes standard with a higher proportion of the non-decent dwellings failing the repair, fitness or modernization criteria of the standard [and not just the insulation standard]." ODPM, ((2006).

health and safety rating system” of inspection has begun to be implemented (ODPM, Quick Guide). It sensibly focuses on faults that are likely to cause harm, but it depends on a well resourced local authority system. The ‘decent homes’ standard, which social housing landlords must achieve by 2010, is being tentatively introduced into the private rented sector as well. Summarised in Figure 3, the requirements should be examined when modernising the 1993 standards in Ireland along with surveys to learn the needs of low income tenant households. In addition, efforts are being made to better inform landlords about good management practices.²⁶

In Scotland, compulsory registration of all private landlords has begun and the government is piloting a voluntary accreditation scheme for landlords.²⁷ Further, the *Housing (Scotland) Act 2006* contains a modernised repairing standard to be brought into force in 2007. However, compliance appears to depend heavily on tenants making complaints. The Scottish Housing Quality Standard is similar to the Decent Home Standard but there appear to be no plans to extend the initiative into the private sector other than on a voluntary basis (Scottish Executive 2004).

Figure 3 A Decent Home

- Meets the current statutory minimum standard for housing
- In a reasonable state of repair
- Reasonably modern facilities and services, e.g.,
 - Kitchen less than 20 years old
 - Kitchen with adequate space and layout
 - Bathroom less than 30 years old
 - Appropriately located bathroom
 - Adequate insulation against external noise (where a problem)
 - Adequate size and layout of common areas for blocks of flats
- Reasonable degree of thermal comfort

UK Office of the Deputy Prime Minister, February 2004

Offsetting negative supply impacts

Higher rents due to the costs imposed by a more stringent dwelling standards regime will not be the only concern about implementing Threshold’s proposal. Vigorously enforcing dwelling standards may result in some units currently let being withdrawn permanently from the market. Other landlords may give tenants notice to facilitate the up-grading of their properties. Although the Principal Environmental Health Officer for Dublin City Council when interviewed could recall few withdrawals of dwellings in response to improvement notices under the 1993 Regulations, the introduction of higher standards might provoke more.

Fear about the impact on supply of tougher regulation is said to have affected the setting of standards for the 1993 Regulations. Today, given the steep increase in housing values, the net income yield on private rental investment is estimated to be modest at less than 3% in 2004

²⁶ The survey found that over a quarter of landlords want more information about regulations for gas and electrical fittings and appliances, fire alarms, regulations for upholstered furniture, property maintenance. OPDM, (2006), page 61.

²⁷ These initiatives appear to be aimed at reducing anti-social behaviour although the voluntary Edinburgh Landlord Accreditation has wider objectives including dwelling quality. See www.edinburgh.gov.uk.

(Threshold, July 2004). Although many landlords of substandard properties may have made their purchases long before, they typically will have the option of realising the current value by selling into owning occupation especially in prized central city areas.

Research in England suggests that landlords are unlikely to gain a rental return from spending on good maintenance or refurbishment to a decent standard (Crook, 2000). It was found that “returns are higher amongst poorer condition addresses. This is because, although rents of the latter are the same as those in the better properties, management and maintenance costs and market values are lower....Given the lack of market incentives to improve the worst stock, existing landlords may need to be given financial assistance to afford the improvements that are required to bring their accommodation up to the fitness standard”

In the UK some landlords of substandard properties receive financial support to upgrade. In Northern Ireland for instance, under the repairs grant scheme, a landlord subject to a notice from the environmental health department of the local authority, will get a contribution (up to a maximum of £7,500) towards the repair, the amount depending on the net annual valuation of the property. A landlord can apply to the Northern Ireland Housing Executive (NIHE) for a discretionary renovation grant (£25,000 maximum) if the property is judged to be unfit. In most geographic areas the landlord would be required to contribute 50% towards the cost of the renovations. Information about the take-up on the schemes is limited.²⁸ In addition the NIHE adopts a proactive standards enforcement approach, with a subsidy component, with respect to Houses of Multiple Occupation.

Until this decade Irish landlords of residential properties, even if the landlord was a company whose only business was renting housing, could deduct repair expenses from rental income for tax purposes but not refurbishment (capital) outlays. The latter could be deducted from the low rated (20%) capital gains tax if the property was sold. Some properties might have been able to avail of one of the special tax benefit schemes, but otherwise there was no tax incentive to upgrade rental properties for those in the rental business.

A tax relief was introduced in 2001 on capital refurbishment to bring rental properties up to the standards of the 1993 regulations. The expenditure is allowed against all rental income, at a rate of 15% per annum for the first six years and at 10% for the seventh year with a clawback should the unit cease to be rented. A review by consultants could not identify any take-up and reported little awareness about the scheme. It recommended the scheme should be ended because “there is no justification for this incentive” because the capital gain return would be sufficient (Indecon, 2005). The Revenue Commissioners are preparing information about the scheme to post on their website later in 2006, but its termination in 2008 was announced in the 2006 Budget.

Analyses of ways to improve low standard private rental accommodation and keep it in the sector in England and Scotland found no easy solutions.²⁹ In any event tax and grant schemes to minimise the withdrawal of rental units under a programme of enforcing decent standards should not be the only approach for containing supply withdrawal and rent inflation. Attention and public funding could be devoted to attracting new investment in low cost rental accommodation, whether through accelerated social housing investment or through RAS

²⁸ In 2005-6, 922 repairs grants were completed for landlords and approximately £1.2 million paid out. More than 800 renovation grants were completed and £13 million disbursed but the share taken by landlords is not recorded. Information supplied by NIHE.

²⁹ Crook, (2003); Crook, (2000) and Kemp, (2004).

negotiations for new purpose build accommodation. As recommended by Ireland's partnership body the National Economic and Social Council, affordable rental programmes for low paid workers need to be introduced as well as much greater social housing investment (NESC, 2004).

In any event low income tenants and would-be tenants who are most at risk need to be protected during the transition to an improved rental stock. Single person households, who already experience difficulty finding any accommodation are especially vulnerable to shortage situations. Bedsits are mostly located in converted older houses that may be in a poor condition while other housing suitable for one person households is scarce. When standards enforcement means people having to move home, they must get help in doing so. The caps on rent supplement must also be set based on prevailing rents for dwellings that meet or exceed the standards.

Conclusions

The PRTB at present is struggling to cope with the volume of complaints received as well as promote registrations by all private landlords covered by the 2004 Act. Similarly, rolling out the RAS programme is preoccupying local authorities while also informing them about the state of lower priced rental properties in their areas. Despite the competing priorities there are initiatives that can be taken immediately that pave the way for reform to progress the right to housing that is "fit for the purpose".

1. DOEHLG to up-grade and extend the scope of the statutory minimum dwelling standards for rental dwellings. This will also require support for local authorities to integrate minimum dwelling standards and fire safety standards for inspections of rental accommodation and to resource wider inspection activities.
2. DOEHLG to put in place a mechanism for ensuring adequate rental dwelling quality through a reform such as Threshold's certification process.
3. DOEHLG to make the reform effective by restricting tax relief and letting to demand subsidy recipients conditional on dwelling certification as well as PRTB registration.
4. In the payment round for 2007, DOEHLG to reallocate landlord registration revenue funding to local authorities on the basis of the level of risk-based inspection and enforcement activities.
5. DOEHLG and PRTB to inform landlords about their obligations regarding fire regulations, gas and electrical fittings and appliances as well as property maintenance.
6. Local authorities to publish more detailed information about their enforcement of the 1993 Regulations and the fire safety standards applying to multiple unit properties, reporting not just the number of inspections, dwellings found to be substandard and legal initiatives taken, but also the number, type and vintage of dwellings inspected and the number subject to improvement notices that were found to be compliant on re-inspection.
7. DOEHLG and the Department of Finance to revisit the tax relief for refurbishment scheme to learn why it has proved unpopular, and design a new scheme that encourages refurbishment conditional on the property remaining in the private rented sector.

Although Ireland has enjoyed a rapid rate of economic growth, a high standard of living on average and an exceptional rate of new residential construction, policies have not yet properly addressed the problems experienced by the many households on low incomes who are trying to survive in a tight housing market. Development of fit for the purpose certification for rental

housing, combined with more responsive affordability programmes, is urgently needed. Moreover such an initiative is in keeping with the Government's own objective for housing: "to enable households experiencing poverty and disadvantage to have available to them housing or accommodation, which is affordable, accessible, of good quality, suitable to their needs, culturally acceptable, located in a sustainable community and, as far as possible, in a secure tenure of their choice." (Department of Social, Community and Family Affairs, 2002).

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