

# 'THIS IS NO LONGER JUST A CRISIS — IT'S A FULL-BLOWN EMERGENCY'



**Irish estate and letting agents are predicting a tsunami of termination notices as landlords sell up, writes Niamh Horan**

**O**n Friday, the Government's ban on evictions will be lifted — in the middle of the worst housing crisis in living memory. The decision has led to a storm of controversy, and one government TD, the Green Party's Neasa Hourigan, was last week hit with a 15-month suspension for voting against the measure in the Dáil.

Opposition politicians have warned of a potential "tsunami" of termination notices being served.

What impact will the ending of the ban have on the ground? This weekend, the *Sunday Independent* sought the views of five prominent letting agents from around the country.

of high taxes — most of them pay over 50pc tax on rental income — increasing regulation and negative returns. Rent control at 2pc per year at a time when inflation is running at 8pc.

Many of them are also concerned that a future government will bring in further measures such as a rent freeze and complete security of tenure for tenants, where no landlord can get vacant possession on their property for any reason.

In the coming months we will see an increase in the supply of properties for sale as landlords who issued termination notices last autumn get vacant possession on their rental property in order to sell them on. I'd estimate that around one in 10 properties in our management portfolio will be sold.

The main reason our landlord clients are now selling is that the rent they can charge on their property is in many cases 20pc-50pc below the market rent.

Rent pressure zone (RPZ) regulations were introduced in 2016. Overnight, landlords who had not increased rents in years were caught out. Initially a landlord could increase the rent by 4pc per annum. This was changed to a maximum of 2pc.

It's often forgotten that RPZ rent control regulations apply to the property, not the tenancy. So if a landlord buys a rent-controlled property, they can only seek the same rent as the previous landlord. It means most of these properties, if not all, will not be bought by other landlords. The crisis in the rental sector will deepen as more rental properties are bought by owner-occupiers. This

is good news for homebuyers, but bad news for tenants.

The Irish Property Owners Association recently surveyed their members and 78pc said they would reverse their decision to leave if there were a meaningful reduction in tax. Most pay over 50pc tax on rental income.

The much-maligned build-to-rent sector should have been the solution. Many of these investment funds provide long-term, high-quality rental accommodation all over Europe. If we wanted rents to stop rising or to fall we needed to build thousands of these apartments.

The combination of rising interest rates and construction costs is coming at the worst possible moment. Many planned developments are now unviable, meaning construction will not start anytime soon. The elements of the system to deliver new homes — planning, finance and infrastructure — are broken.

For six years we have been using the word "crisis". This is now a full-blown emergency. And it could have been avoided. In 2017, I released a report detailing how enough office space for 28,000 workers was under development in Dublin's Docklands, while homes for only 6,500 people were expected to be delivered.

That meant that for every person living in the area, more than four would have to commute to work. At the time I recommended that the densities and building heights in the Docklands be increased. This did not happen.

For 30 years, the State has relied on private landlords to provide rental accommodation of all tenures, including social. Landlords now feel they are being blamed for the State's complete lack of investment in the housing sector.

The discourse on social media demonises landlords and pits them against tenants. But in the recovery — between 2013 and 2018 — there weren't enough houses or apartments built, leaving a shortfall of 250,000 homes.

The market is now so dysfunctional that neither landlords nor tenants are happy. I just hope we are not still talking about the same issues in five years' time.

## TYPICAL PRIVATE LANDLORDS ARE YOUR NEIGHBOURS. VILIFYING THEM HAS IN PART BROUGHT ABOUT THE SITUATION WE'RE IN



**● Ella Dunphy, Kilkenny**

In Kilkenny, there is a level of demand for a basic home that is scary. Our agency rarely advertises homes on the open market. We have a huge number of fully approved tenants, who have been sitting on our waiting list for months. The vast majority will remain on the list. We simply do not have the stock. Why this has occurred is a perfect storm of problems with no immediate solution.

When we look at our list of landlord clients, we can categorically confirm right now that "private landlords" in Ireland are your next-door neighbours, your doctors, your nurses, your teachers, your shopkeepers and everything else in between. Vilifying them as the big bad wolves for 15 years has in part brought about the situation we are in.

It would also not have been difficult for any economist to predict that the "accidental landlords" would have a very big decision to make about whether they wished to remain or exit the market once they got out of negative equity and property values increased.

Unfortunately, due to the absurd amount of red tape introduced in the last 10 years, along with the social stigma of landlords, there has been a mass exodus from the market.

If anyone thinks that the current discussions around the eviction ban will do anything other than remind landlords to sell their property at the earliest opportunity, they are deluded. If a private landlord has no control over his asset, why would they bother entering the market? And if the alternative is that the Government or social housing bodies should control the entire rental housing market, ask yourselves how wonderful a job a government or public body does in other areas under their control?

## ONE LANDLORD HAS RECEIVED NO RENT FOR TWO YEARS; SHE'S ABOUT TO LOSE HER OWN HOME BECAUSE SHE CAN'T MAKE HER OWN MORTGAGE REPAYMENTS

**● Paul Reddy, north Dublin**

It's extremely upsetting dealing with people every day who can't find somewhere to live. There are families who have literally no options. In some ways, I found that the eviction ban scared landlords and prompted them to give notice. They're worried they may not get an opportunity again to sell.

Estate agents have seen this coming for years. Unfortunately, we have already lost a large proportion of small landlords that Ireland needs.

I can't blame landlords for selling. I deal daily with good landlords that had never put up their rents. They were then restricted from doing so, and they were over-taxed and left dealing with a Residential Tenancy Board that has not been fit for purpose.

I could never understand why landlords were not incentivised to lower their rent or rewarded with tax incentives for doing so. Some of the latest government policies seem positive, but I can't see them being rolled out quickly enough through local authorities to have an immediate impact.

An eviction ban was never a long-lasting solution to the

real problems and will become more difficult to end the longer it is in place. The Government needed proactive policies rolled out over a one-year period, policies that had certain milestones. So, when they were reached, they could have been lifted more easily.

Certain guarantees should also have been put in place at the end of the ban to encourage landlords to stay in the market. If the remaining small landlords think they can never sell their properties on the open market, they will leave.

I think the immediate future will see some tenants refusing to leave their accommodation. This will fall to the RTB, which is already under pressure. I currently have a landlord who is renting out his own home and renting a bigger property himself. He has been given notice to leave and in turn has given notice to his tenants. His tenants are excellent, but they cannot find accommodation. Now the landlord is facing homelessness.

I'm aware of a landlord who has received no rent for over two years and is facing losing her own home as she can't make mortgage payments.

Sometimes the public has a bad impression of landlords but in most instances it's not justified. Each person's story can be different, and the ban — while protecting some in the short term — will hurt others in the long term.

There is no doubt that this Government has had to deal with a perfect storm of problems — war, inflation, Covid, and a growing population. But none of that will give any comfort to somebody facing being homeless. I worry about the consequences of this on children, families and people living on their own. The housing crisis is the new Covid and it needs to be dealt with the same urgency.

## IF YOU SAID YOU HAD THE PLAGUE, YOU WOULD BE BETTER RECEIVED THAN IF YOU SAID YOU WERE A LANDLORD



**● Kersten Mehl, Limerick**

I recently read Sally Rooney's article on the so-called evictions ban and it was a tribute to her work as a fiction writer because it has no connection to the reality of the rental situation in Ireland.

We've now reached a stage in this country where, if someone said they had the plague, they'd probably be better received than if they said they were a landlord.

Today we have many investors who purchased a property to rent with the expectation that, if and when they wanted to sell or live in their property, they would be allowed to do so. In my experience, the bulk of these investors are Irish and live and pay tax here.

The legislative input of [Housing Minister] Darragh O'Brien has all the finesse of a bull in a china shop and has definitely encouraged landlords to exit the market.

In my own case, we have served 19 termination notices since January 2023. There are around nine left over from last year and many in the pipeline. The reasons for this include rising interest rates, a mountain of legislation, the imposition of endless paperwork from the Rental Tenancy Board, 50pc tax on rental income and landlords selling while they can get a vacant possession.

Put all these factors together and I expect there will be a tsunami of termination notices from April.

I've been involved in property management for 45 years and I have clients in their 60s, 70s and 80s. Over the past 12 months, they have relayed their concerns to me over the "dog whistling" from Sinn Féin about introducing legislation preventing owners from getting vacant possession of their properties. I see this as deliberate provocation for landlords to leave the market.

We now also have abject media hyste-

ria about the situation. Politicians and their sycophants on social media are feeding off that, but so are charitable bodies. Has anyone questioned why tens of millions of euro is being allocated to these bodies when this money could be used to build social housing?

The public needs to step back and analyse the situation. Why is an opposition party deliberately attempting to generate a mass exodus of Irish investors from the Irish market? Why would they continuously object to applications for planning permission for new housing, including social housing? Cui bono?

It's very easy to target one section of Irish society whose demographic is between 50 and 80 years of age — they know these people won't engage on social media to argue their case.

This same demographic has been scapegoated and vilified by all the political parties over the last 10 years as a result of the Dáil's own failure to produce and implement a proper housing policy.

## WE HAVE 17 HOUSES COMING ON STREAM AND ALL WILL BE SOLD ONCE THE TENANTS VACATE



**● Kevin Barry, Cork**

I know plenty of landlords who will be serving notice of termination on their tenants when the eviction ban is lifted. We have 17 houses, so far, that will be coming on stream once the tenants vacate and we are having numerous discussions with more landlords who are considering selling up.

There are various reasons for this but the majority are finding that it no longer makes economic sense to be a one-off landlord. Of the 17 sellers we are currently liaising with, the age demographic mostly comprises people aged 40-50. Many bought their properties to live in between 2003 and 2007. They were caught in a situation of severe negative equity, unable to sell when they outgrew the house, so had no choice but to rent, thus becoming accidental landlords.

A large percentage of these sellers were on tracker mortgages and, with the severe hikes in interest rates over the last nine months, their repayments have increased dramatically.

I know one person who bought a house for €350,000 in 2005 and borrowed €300,000. They have 17 years left on their 35-year tracker mortgage, and they have seen 3.5 percentage points added to their interest rate since last July. That's an increase from €1,795 per month to €2,295 per month. If their rental income is just €1,500 per month and it can't increase due to rental restrictions... With landlords paying up to and in excess of 50pc tax on rental income, it is no longer viable in a lot of cases. Now that house prices are coming back to the level achieved at the peak, you can't blame them for wanting to sell.

It is a horrible position and an extremely stressful time for both landlords and tenants. Tenants fear being served notice as it is so hard to find alternative accommodation. Equally, mortgages are proving difficult to come by for many prospective buyers who are currently tenants as it is hard to save for a deposit when rents are so high.

Meanwhile, I know a woman who moved back home from Australia and is paying a fortune on Airbnb, unable to move back into her own house as she cannot serve notice to her tenants until the ban is lifted. This surely isn't fair.

Landlords' biggest fear is that, if legislation changes, they won't be able to evict tenants and sell, and this will drastically reduce the value of the property if they want to sell. I don't believe there is a quick-fix solution but if the Government were to look at reducing the tax on landlords with one rental property, it may entice them not to sell.

## ONE IN 10 RENTAL PROPERTIES IN OUR PORTFOLIO WILL BE SOLD; MOST WON'T BE BOUGHT BY OTHER LANDLORDS



**● Owen Reilly, south Dublin**

For many years now, most of our sellers have been landlords and most of our buyers are owner-occupiers. Five years ago, half of our buyers were investors — today it's down to one in four.

Why are landlords selling? Because

PAT EGAN PRESENTS  
Toni Lee recreates the astonishing voice of Karen Carpenter

**WE'VE ONLY JUST BEGUN**  
THE CARPENTERS GREATEST LOVE SONGS

**BORD GÁIS ENERGY THEATRE**

**Saturday 2 December**  
Tickets from €41 • 01 677 7999  
www.bordgaisenergytheatre.ie

with **30-PIECE ORCHESTRA**  
EUGENE MCCARTHY MD

www.pateganmg.ie

## HOUSING CRISIS: OPINION SECTION SPECIAL SHANE ROSS, EOIN O'MALLEY AND NEASA HOURIGAN PAGE 27



**Paul Reddy**