

# **Regulatory Impact Assessment (RIA)**

## **Revision of the Standards Regulations Applying to the Private Rented Sector**

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**Prepared by  
Centre for Housing Research**

## Step 1

### Policy Context

The minimum standards regulations for the private rented sector are prescribed in the Housing (Standards for Rented Houses) regulations 1993, which were made under section 18 of the Housing (Miscellaneous Provisions) Act 1992.

Information from Census 2006 indicated that there are approximately 170,000 dwelling units in the private rental sector, making up approximately 10% of the total housing stock. Tenancies falling within the scope of the Residential Tenancies Act, 2004 must be registered with the Private Residential Tenancies Board (PRTB). At the end of August 2008, 235,941 tenancies were registered with the PRTB, covering 398,140 tenants and 107,094 landlords ([www.prtb.ie/pubregfStats.thm](http://www.prtb.ie/pubregfStats.thm))

The Partnership Agreement *Towards 2016* includes a commitment that minimum standard regulations in the private rented sector would be updated and effectively enforced. In September 2006, a comprehensive Action Programme to promote improvement in standards of the private rented accommodation was announced involving a range of measures including improved regulation, enforcement, funding and information. It was a core element of the Government's housing policy statement *Delivering Homes, Sustaining Communities* launched in 2007.

The revised standards have been based on a review of the current regulations carried out by the Department of the Environment, Heritage and Local Government in consultation with stakeholders. The Centre for Housing Research also undertook a Policy Review and Good Practice Guidelines on promoting improved standards in private rented accommodation standards, which helped to inform this process.

It is likely that the revised standards will have most impact at the lower end of the private rental sector. These are mostly older, pre 1963 buildings. There are approximately 8,750 bedsits in the country housing 14,500 people, with around 55%

of these being in Dublin city. Older (pre-1963 buildings), multi-unit dwellings are also considered to be more likely to require remedial work in light of the new regulations. It is estimated that approximately 35,000 dwellings fall within this category, again mainly in the Dublin area. It is envisaged that the 1993 regulations will be fully revoked. The objective of the new regulations is to better reflect the requirements of modern private rented sector and to provide for its sustainable development into the future, as agreed through the social partnership process.

## Step 2

### Identification and Description of Options

Three options are outlined and analysed in this section of the RIA. Option 1 is to make no policy change - i.e. the status quo; Option 2 is to enact and implement the new regulations; and Option 3 is to introduce a higher level of regulation by requiring landlords to have a licence or property standards compliance certificate before being able to rent out any form of accommodation.

Option 1: No policy change. This would not achieve the objective of up-grading the minimum standards regulations for the private rented sector as set out in Government policy and agreed within the social partnership framework. Greater enforcement of the current minimum standards has already been prioritised under the Action on the Private Rented Sector.

Option 2: Introduce new standards as set out in the revised guidelines through legislation. Key features of the proposed new regulations include:

- all rental accommodation to contain self-contained sanitary facilities to be maintained in good working order, be property insulated and secure and be provided in a room separate from other rooms by a wall and door and containing separate ventilation. This would result in the phasing-out of the traditional one-room bed-sit.
- all habitable rooms to contain a fixed effective heating appliance, independently manageable by each tenant and safe and effective removal of fumes to the external air.
- new requirements regarding food preparation and storage and laundry facilities (four ring hob, cooker hood and extract fan, fridge and freezer, microwave, sink with a drainage area, adequate food storage, washing machine or access to same, and a dryer if the accommodation does not have access to an external garden or yard).

- all habitable rooms to have adequate ventilation and natural lighting. All common areas to have adequate artificial lighting. Emergency lighting to be provided in common areas of multi-unit buildings.
- the provision of proper, pest and vermin-proof refuse storage facilities.
- the provision of smoke alarms, fire blankets and in the case of multi-unit dwellings emergency lighting and an emergency evacuation plan.

Option 3: Have an even higher degree of regulation over the private rented sector than is currently being proposed by the Department of the Environment, Heritage and Local Government by requiring landlords to have a licence or compliance certificate in order to rent out any form of accommodation. This would involve all properties being inspected before being rented out to ensure compliance with agreed standards and re-tested every few years to ensure that the properties are properly maintained.

### Step 3

#### Impact Analysis Including Costs and Benefits of Each Option

##### Option 1 no policy change

Monitoring and enforcement of the current standards in the private rented sector is undertaken by local authorities. Funding to undertake this work has steadily increased, as indicated below.

2004	0.46m
2005	1.58m
2006	2.025m
2007	3.01m
2008	4m (2m paid to date, balance to be paid in early 2009)

Since 2006, funding has also been increasingly linked to inspection performance and this will continue to be the case for future years. In 2006, local authorities reported carrying out 9,835 inspections. In that year 1,697 dwellings inspected did not meet the regulatory requirements, and 36 legal actions were initiated. Landlords pay a registration fee to the PRTB on registering a tenancy and part of this finances the standards inspection activity undertaken by local authorities.

Given the continued growth in the stock of property in the private rented sector and also the policy of linking payment to inspection performance, it is likely that inspection activity will increase into the future. More strict enforcement of existing regulation, while going some way to improve standards, will not achieve the key aim of updating the regulations to more adequately reflect modern standards.

## **Option 2      Introduce new standards by legislation**

The costs and benefits of introducing the new regulations would be as follows:

### *Costs and benefits of implementing the regulations for landlords.*

The proposed regulations stipulate that each rental unit should be required to have sole access to sanitary facilities. This will affect landlords of multi unit bed sits where a number of units share the one bathroom. (There are currently in the region of 8,750 bed-sits in the private rented stock). This will be a significant cost to landlords who do not currently meet this criteria, as major alterations will have to be made to their properties. This may mean a reduction in the number of units available in a multi-unit house to install sanitary facilities. There may also be difficulties in getting planning permission to make these alterations in older properties.

Another cost to landlords for implementing these revised standards will occur if they have to provide a fixed appliance capable of providing effective heating with the operation of such appliances capable of being independently manageable by each tenant. This will involve setting up separate heating systems in every unit, whereas previously one heating system could be used to heat the entire property.

The revised standards will also require landlords to provide adequate facilities for the hygienic storage, preparation and cooking of food. This could be a considerable expense to landlords who do not currently provide these "white goods".

The revised standards call for all habitable rooms to have adequate ventilation and natural lighting. This could be an expense for landlords as they may need to put in place ventilation systems or windows into their properties.

The provision of pest and vermin-proof refuse storage is unlikely to be costly to comply with and should have positive public health returns. The new regulation regarding the provision of smoke alarms, fire blankets and in the case of multi-unit dwellings emergency lighting and an emergency evacuation plan could not be considered overly costly to install given the clear benefits of these measures to potentially save lives.

The potential costs to landlords of implementing these new standards is difficult to estimate as a comprehensive conditions survey of the private rented stock is not available. It is likely that for many landlords (particularly those letting newer properties) these new standards will not involve any additional costs as their properties already exceed these standards. It is likely that the landlords renting older properties at the low-cost end of the market are mostly likely to incur costs in bringing their properties up to the new standards. It should be noted, however, that landlords accommodating tenants under the Rental Accommodation Scheme (a rent supplementation scheme for those with long-term housing needs) are generally already required to provide accommodation above the current basic standards and as the scheme expands more properties in the lower-cost end of the market are likely to be required to meet these revised standards if they are to remain receiving supplementation.

For some landlords it may prove that the cost of compliance may outweigh the financial benefits. For example, a landlord with an 8 bed pre-63 house might expect to have to convert this to a six-bed unit. An estimated cost for this work (plumbing, wiring, structural alterations, fixtures and fittings and labour) could be in the region of €120,000. If the 8-bed unit was returning €60,000 per annum (€7,500 per unit), a six-bed unit would now need to yield €10,000 per unit to return the same gross rent. Additional rent would be required to recoup the refurbishment costs.

The main benefit to landlords of introducing these new regulations is that it will result in a more sustainable rental stock. Improved standards may also result in more demand for rental accommodation and therefore improved rental yield. The instillation of fire detectors will also make their properties safer.

#### *Cost and benefits of implementing the new standards for tenants*

The cost and benefits of the new standards for tenants is also likely to vary. Those tenants whose accommodation already matches the new standards are unlikely to experience any substantial costs or benefits. Where tenants are renting accommodation below the new standards the main benefits will be an improvement in their living conditions which could have positive health, wellbeing and quality of life benefits. These tenants are likely to be those most vulnerable in society who may

not have the choice to move to a higher quality property due to lack of income. If landlords pass on the costs of upgrading their properties directly to tenants, this will be in the form of rent increases. The Residential Tenancies Act, 2004 regulates the frequency and terms under which landlords may increase the rent payable. The rent can only be increased once a year unless the accommodation has substantially changed and rent must be similar to other rents from similar private accommodation locally. Rent increases would negatively affect the affordability of accommodation for those on low incomes unless rent supports were increased at a cost to the State.

It should be borne in mind that quality of accommodation is only one factor affecting rent levels, however. It is the supply of / demand for rented accommodation which is more likely to impact on rent levels. Data from Daft.ie indicate that rents have fallen by 1.8 per cent in the second quarter of 2008 compared to a year previously, for example.

#### *Costs and benefits to the State*

A policy of increasing local authority inspection activity was introduced in 2006, which is reflected in the increased expenditure on this area since then (see above). The additional costs to the State of implementing the revised standards should be relatively minimal as inspections are already being carried out by local authorities funded by the tenancy registration fees. The revised standards should not raise the cost per inspection substantially as the call-out costs would remain the same and the type of trained personnel required to carry out the inspections will also remain the same. The length of time required to carry out the inspection may increase somewhat, but this is not considered to be a key cost factor. The main foreseeable cost for the State may be the cost of follow up inspections and enforcement as the standards have been increased. The imposition of fines for landlords whose properties do not comply with the regulations would help to off-set this cost.

There is a high probability that it is housing at the lower end of the market that is most likely to need considerable capital expenditure in order to comply with the new regulations. These properties usually consist of older housing stock and will be primarily affected by those provisions dealing with sanitary services and heating facilities. Very often, those living in such accommodation are low-income households

and those in receipt of a supplementary welfare allowance payment in the form of rent supplements. These people are at the highest risk of being in poorer quality accommodation by virtue of paying lower rents. They are also the people who are least likely to have the capacity to absorb even small increases in rents and who may need to apply to the Department of Social and Family Affairs for rent supplement payments in the event of rent increases.

Landlords who hold rental stock that requires to be significantly upgraded have 3 main options, all of which could potentially be a factor in raising rent levels. It is open to the landlord to:

- sell the property,
- leave the property vacant or
- upgrade the property to meet the new standards but pass on the cost of any such upgrade to the tenant in the form of rent increases.

The effect of the revised standards on the level of rent charged for a particular property depends on the condition of that property prior to the enforcement of the new standards. In analysing this, we can broadly divide rental accommodation in two categories.

1. Houses and apartments
2. Bedsits

### **Houses and Apartments**

While all provisions of the regulations may involve some expense to landlords depending on the condition of the property, the provisions dealing with sanitary services and heating facilities are those that are most likely to involve considerable capital investment. For modern housing stock this is not likely to have a significant impact on rent levels. Most modern houses and apartments are equipped with the kind of heating and sanitary facilities required by the regulations. Even older housing units have the kind of sanitary facilities required by the regulations, although the 2006 Census recorded 26,500 housing units as not having central heating. However, the key to rent levels for houses and apartments is the availability to the tenant of viable alternative accommodation in circumstances where the landlord raises the rent

or withdraws his property from the rental market by selling or leaving it vacant. The volume of available rental accommodation has more than doubled in the last year according to [www.daft.ie](http://www.daft.ie). Rents have fallen continuously in 2008 with an average 5% decrease in rents in the first eight months of the year, and it is expected that they will continue to do so throughout 2009<sup>1</sup>. While a landlord may seek to raise the rent to cover expenses incurred in upgrading his property, the downward pressure on rents and increased supply of rental accommodation in the market will mean that the tenant has a viable alternative to that accommodation.

### **Bedsits**

The main criterion for tenants in choosing accommodation at the lower end of the market is affordability. The implementation of the provisions relating to sanitary services in the revised regulations will mean the phasing out of what is traditionally one of the cheapest types of accommodation, bedsits, from the rental market. This could potentially mean a decrease in the level of affordable accommodation available to low income households where there isn't a direct alternative to that accommodation.

The 2006 Census shows that there are about 8,750 bedsits in Ireland, 55% of them in Dublin, housing 14,480 people. Of the total number of people living in bedsit accommodation, 65% are non-Irish nationals and 60% are under 40 years old. Only 9 of bedsit occupants are listed as 14 years old and under, a figure that indicates that families do not tend to live in bedsits. As such, for a significant proportion of bedsit tenants, a bedsit is likely to be a temporary solution to an accommodation need from which the tenant will move on to a more permanent home. The average number of people living in a bedsit is 1.7 although this rises as high as 3.2 - 3.4 in certain areas of Dublin<sup>2</sup>. The percentage of non-nationals resident in bedsits rises to between 82% and 86% in these areas, suggesting that these tenants are likely to be willing to put up with cramped, low quality accommodation in order to maximise short-term earnings and then move on. This also indicates that in the majority of cases, the burden of rent falls on more than one person.

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<sup>1</sup> A CSO rent index taking December 2001 as its base point of 100 shows that rents peaked at 114.4 in April 2008 and have already fallen to 109.9 in September 2008.

<sup>2</sup> Fingal and South Dublin County Council

Following the phasing out of bedsits, the alternative for the tenant who traditionally rented bedsit accommodation is to either rent a one-bedroom or studio apartment or to rent a room in a house sharing arrangement. The fact that the average number of people living in a bedsit is 1.7 suggests that many are already sharing accommodation. While the average cost of bedsit units are not specifically measured by either the CSO or Daft.ie, Threshold estimates that the average Dublin city centre monthly bedsit rent is about €650.

Daft.ie estimates that the cost of renting a double room in a house sharing arrangement is also about €650<sup>3</sup> while the cost of renting a Studio apartment in the city centre is around €735/month.

A tenant could, therefore, move from a bedsit to a double room in shared accommodation at the same cost, or to a self-contained studio for an additional €80. People under 40 are likely to be less settled in their accommodation, and will be more open to living in shared accommodation if faced with increases in rent levels. Of the 65% of bedsit tenants under 40, 67% are working and may have the financial latitude to upgrade their accommodation. A further 11% are students, whose accommodation may be subsidised by their parents and is a short-term solution to their housing needs. While figures are not available as to what percentage of bedsit tenants under 40 are non-Irish nationals, it is likely that a significant proportion of the total non-Irish nationals in bedsit accommodation are under 40 years old. The demand for bedsit accommodation from this demographic may already be in decline due to a decline in net inwards immigration and immigrants who are already here choosing to return home as employment becomes scarce. As such, the regulations are less likely to have a negative impact on those less than 40 years old.

However, moving to shared accommodation may not be a viable option for tenants over 40 years old who may be resistant to geographical relocation and/or house-sharing arrangements and who make up about 35% of the tenants in bedsit accommodation<sup>4</sup>. While the average rent for a studio apartment in Dublin city centre is €735 a one-bedroom apartment rents for €1,130. This constitutes a significant increase in rent for a tenant on low-income or rent supplement. Currently, the

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<sup>3</sup> Daft.ie Rental Report for Quarter 2, 2008.

<sup>4</sup> For the purposes of this analysis exercise we have chosen 40 years of age as a mobility cut-off point.

maximum rent supplement for a single person not in shared accommodation is €130 per week, which, while it might cover the cost of a bedsit unit, would not cover an apartment. The HSE has flexibility to award rent supplement above or below rent limits, having regard to local rent levels or to meet the particular needs of an individual. This is done on a case-by-case basis; whether it would be viable to do this systematically for a specific cohort of the rental market is a question for the D/SFA.

The total number of people over 40 years old in bedsits in April 2006 was 5,079. Over 3,700 of those are between the ages of 40 and 60 (with 2,020 of these in Dublin) and a further 1,335 are over the age of 60 (719 in Dublin).

It is these people who are most likely to be negatively affected by the elimination of bedsit accommodation from the rental market, particularly those over 60 years old. Moving into shared accommodation is unlikely, in many cases, to be an option for this age profile. Of this figure of 5,079 people, 2,434 are either students or working, leaving 2,645 people over 40 in bedsit accommodation either unemployed, looking after a home or family, unable to work due to a disability or retired. This is the most vulnerable sector of the bedsit rental market and the sector most likely to require aid in the form of rent supplement payments from the Department of Social Welfare<sup>5</sup>.

The average rent of a studio apartment in Dublin is about €735. In order to move from bedsit accommodation to a studio apartment a tenant may have to pay up to €200 extra per month in rent, (although in some cases this may be shared between 2 tenants). After 18 months in the rent supplement scheme, a tenant is judged to have a long term housing need and can apply to be housed by the Rental Accommodation Scheme (RAS), which is administered by the Department of Environment, Heritage and Local Government. This entitlement is already in place so where the tenant is accepted by RAS, there is no new extra cost to the exchequer. As such, a tenant will need approximately €200 extra each month for 18 months to cover the increased rent. Of the 2,645 people most at risk, 1,602 of those are in Dublin. Funding the extra payments for a total of 18 months for those living in Dublin could cost up to €5,767,200. Rents in Galway, Limerick, Waterford and Cork are considerably less than in Dublin and there is considerably less bedsit

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<sup>5</sup> Where someone is working over 29 hours per week and is not employed on a FAS scheme, a Back to Work Allowance Scheme or an Area Allowance Enterprise Scheme they are not entitled to rent supplement.

accommodation. One-bedroom studios rent for on average €615 while bedsits cost about €600<sup>6</sup>. However allowing for a €50 per month increase in accommodation for the 1,043 people at risk in this sector who live outside Dublin the cost for 18 months is €938,700. This gives a total combined cost of €6,705,900.

If RAS proved unable to accommodate the 2,645 cohort there could be an ongoing additional Rent Allowance commitment of €4,470,600 per annum<sup>7</sup>.

While those over 40 who are listed as working have been excluded from the above figures, it is acknowledged that some of these tenants may be on lower incomes and unable to meet rental increases. However their exclusion can be offset by the inclusion of those on retirement pensions some of whom may be able to afford the increases, those over 40 who may choose to move to shared accommodation as an alternative and non-Irish nationals between the ages of 40 and 60 who choose to return home due to declining employment.

#### Alleviating Factors

While it is clear from the figures above that the elimination of bedsit accommodation from the rental market may result in rent level increases at the lower end of the market, there are a number of factors acting on the rental market that will compensate for this.

#### **Natural Decline of Bedsit Accommodation**

Anecdotal evidence from local authorities is that the number of bedsit units in the rental market has declined in recent years and is continuing to do so. This is happening for a number of reasons. Firstly, the modern rental market is no longer accepting of outdated accommodation and in particular bedsit accommodation where sanitary facilities must be shared between different lettings. It is also frequently the case that where a property containing bedsit units is sold, that the property is not retained in bedsit accommodation but converted to a single housing unit or a smaller number of self-contained apartments.

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<sup>6</sup> DAFT Rental Report August 2008

<sup>7</sup> To be considered in the context of annual total Rent Allowance payments in the order of €400 million.

### **Rental Accommodation Scheme**

The introduction of the Rental Accommodation Scheme (RAS) has also had a favourable impact on standards of rental accommodation. Long-term rent supplement recipients can apply for RAS when they are in receipt of rent supplement for a period of over 18 months. It follows that the RAS scheme provides accommodation for those in the lower end of the rental market, low-income tenants. Properties let under RAS are subject to inspections and landlords letting property under RAS are generally already required to provide accommodation above the minimum rental standards currently in place. As a result more and more properties in the lower end of the rental market are likely to already meet these revised standards. So while the regulations will have the effect of taking bedsit accommodation out of the rental market, in effect, the development of the rental market in the last number of years and the expansion of RAS could in time have led to a similar result.

### **Phasing-in Period**

The proposed regulations provide for a 4-year phasing in period for the most capital-intensive aspects of the regulations: sanitary and heating facilities. This gives the landlord the opportunity to spread the cost of any refurbishment over a four-year period and as such, the phasing out of bedsits will also be spaced over a four-year period, with only a percentage of bedsits being taken out of the market each year. As such, only a portion of the estimated cost of €6,705,900 will be incurred in each of the four years from 2009 to 2013. Taken together with the natural progression of the rental market including falling rents and the influx of rental properties onto the market, this will also considerably lessen the impact on vulnerable tenants and on rent levels.

### **Rent Market**

The private rental sector has changed significantly since the start of 2008. A prime driver of this changing market is the large increase in supply of private rental accommodation due primarily to the slowdown in house sales which has prompted many would-be vendors (whether individuals or developers) to rent out their houses. The listed available rental stock on [www.daft.ie](http://www.daft.ie) has more than doubled in the last year to 15,000 units. Additionally, demand for rental property may already be

declining due to a decline in net inwards immigration and all indicators point to a continuing decline in rent levels throughout 2008 and into 2009.

The recent Daft.ie Rental Report (20 August 2008) provides an analysis of rental trends up to and including Q2 of 2008. Asking rents nationally are down 1.8% in Q2 2008 compared with Q2 2007, the first time since Q3 2004 that asking rents have been down year-on-year. The real decline in rents seems to have started in early 2008 and there are significant quarter-on-quarter reductions in asking price, e.g. as much as a 6.6% reduction in Dublin city centre prices in Q2 2008 compared with Q1 2008. So while a Dublin city tenant could face an increase in rent of up to €150 or 23% in order to replace bedsit accommodation, continuing rent reductions at the same level as in the first two quarters of 2008 will very quickly erode that increase.

The benefit to the State of the introducing of these revised regulations is that it would meet a Government commitment to update standards in this area.

### **Option 3 Introduce certification of rental accommodation**

This would represent a substantial increase in the level of regulation of the private rented sector in Ireland. Landlords would be required to certify each unit of accommodation before renting it out to a tenant. This could be achieved by an expanded local authority inspection service or by the introduction of self-certification with some form of independent verification system in place. The cost of this scheme to landlords would be substantially higher than either of the other two options outlined but would lead to greater enforcement of the agreed standards. These costs might be passed on to all tenants (including those above the proposed regulations) in the form of rent increases. For some this may be substantial if the property has to be refurbished, for others it is likely to be minimal to cover increased administration. But in return all tenants would be assured that the accommodation in question meets basic standards. It is likely that this would be less of an issue for those renting the middle and upper ends of the market where standards are likely to exceed the minimum level as a matter of course. The costs to the State would be similar to Option 2 above in that local authority inspection and enforcement would still be required, but considerable additional resources are likely to be required to administer the scheme across the 170,000 rental stock.

The Table overleaf provides an impact analysis of each Option by various categories.

## Impact analysis on selected groups

	<b>Option 1 No policy change</b>	<b>Option 2 Introduce new standards by legislation</b>	<b>Option 3 Introduce certification of rental accommodation</b>
National competitiveness including employment	No substantial change, but a poor quality rental market is likely to have negative impacts for low-income workers	No substantial change, but some construction employment likely to arise from up-grade work required	No substantial change, but some administration employment likely to arise from certification system
The socially excluded or vulnerable groups including gender equality, poverty, people with disabilities and rural communities	No substantial change	As members of the vulnerable groups listed are tenants in the private rented sector, up-grade of standards may lead to improved living conditions.	As members of the vulnerable groups listed are tenants in the private rented sector, certification of sector may lead to improved living conditions.
The environment	No substantial change	New regulations may lead to environmental improvements (particularly in relation to new heating systems, refuse storage, fire alarms)	No substantial change
Whether the proposal involves significant policy change in an economic market including impacts on competition and consumers	No substantial change	No substantial change, but new standards may lead to better accommodation for low income consumers	No substantial change, certification may lead to improved living conditions for low income consumers.
North-South, East West relations	No substantial change	No substantial change	No substantial change
The rights of citizens / human rights	No substantial change	No substantial change	No substantial change
Compliance burden on third parties eg citizens and business	No substantial change	Landlords with properties below the new standards will face financial burden but will have 4 year phase in time.	This option would result in a higher compliance burden for landlords.

## Step 4

### Consultation

An extensive consultation process was used by the DoEHLG to develop the draft guidelines.

*Action on Private Rented Standards* was launched in September 2006 and this committed that a general review of the content of the standards regulation would be undertaken with a view to them updated. This review would be carried out in consultation with the PRTB, local authorities and other relevant interests.

Following the launch of the Action Programme the Department of the Environment, Heritage and Local Government wrote to specific stakeholder organisations seeking their views on the proposed revisions of the standards regulations. In October 2007 progress in relation to the development of the new standards was presented to the Housing Forum and in October and November of that year the then Minister for Housing and Urban issued invitations for submissions on the content of the revised regulations.

In February 2008, in a Departmental circular to local authorities seeking inspection targets for 2008, a further invitation was extended to local authorities to submit their views on the matter.

A Working Group on Standards, comprising representatives of local authorities, IPOA, the Centre for Housing Research and Threshold, was established to advance the revised regulations. The Department of the Environment, Heritage and Local Government also had on-going inform contact regarding up-dates to the regulations with interested bodies, such as local authorities, the social and voluntary pillar of *Towards 2016*, Threshold, IPAV and Oireachtas Members.

On Monday 21 July 2008 advertisements were placed by the Department of Environment Heritage and Local Government in a variety of newspapers, inviting submissions for the proposed new standards regulations for private rental accommodation. This advertisement, the proposed changes and the current

regulations were all placed on the Centre for Housing Research website ([www.chr.ie](http://www.chr.ie)) and the Centre managed this submission process. Members of the public could download these documents directly, make a telephone or written request, or email requesting them upon return.

In total 25 submissions were received, ranging from members of the public to landlords to special interest groups and tenants. The information contained in these submissions was passed to the Department of the Environment, Heritage and Local Government for consideration. While the submissions varied greatly in coverage and details a summary of the key issues which emerged is listed below.

### **Summary of points raised in written submissions received.**

- Concern was expressed that the new standards may result in the phasing out of the one-room bedsit, without a viable alternative in place for those on low incomes.
- Queries were raised about the cost involved in up-grading properties to meet the proposed regulations and concern was expressed that this would be ultimately borne by the tenants.
- Potential difficulties in up-grading older listed properties was also raised.
- Queries were raised regarding the definition of different terms in the regulation, such as 'habitable' and 'good working order' and the need for clearly defined terms was stressed.
- The importance of enforcing the standards through adequate levels of inspections of rented properties was emphasised.
- Calls for a licensing system or a NCT style certificate for landlords who meet the revised standards were made.
- It was suggested that the revised standards should also deal with energy efficiency and security issues.
- The planning implications for improving the sanitary facilities in older listed buildings were raised.
- Queries regarding the implications of the new standards for the voluntary and co-operative housing sectors were also highlighted.

A more detailed summary of the submissions received can be found at Annex 1.

## Step 5

### Enforcement and Compliance

The enforcement and compliance of the revised standards will continue to be the responsibility of local authorities. Inspections will be carried out by local authorities, in accordance with Ministerial Direction. This activity will be funded by revenue collected from landlords by the PRTB as part of the tenancy registration fees. Since 2006, funding has been increasingly linked to inspection performance and this will continue to be the case for future years.

Housing authorities have already been requested through the Action Programme on Standards in the Private Rented Sector to prioritise action to improve enforcement of the regulations through a planned and strategic approach, focusing particularly on the accommodation most likely to be deficient, while avoiding as far as possible adverse impact on tenants in enforcement of the regulations. Housing authorities have also been requested to set targets for inspection of accommodation.

Inspections are already carried out by environmental health officers and others under the terms of the existing regulations and it is envisaged that these inspections will continue using the new regulations.

At the request of the Department of the Environment, Heritage and Local Government, the Centre for Housing Research has produced a Good Practice Guidelines for Local Authorities on *Standards in the Private rented Sector: Strategic Planning, Effective Enforcement* together with a *Review of Policy and Practice* (both 2007). The Department will be providing Local Authorities with a technical guidance document to assist in the practical implementation of the proposed new regulations. It is expected that these guidelines will be of assistance to those involved in actual inspections.

As some of the new regulations will require significant refurbishment works, it is intended that certain aspects of the standards be phased in over four years. This will provide landlords with an opportunity to plan refurbishment works, where necessary, over a period of time.

If a system of certification was introduced (Option 3) this would introduce a considerable increase in the level of enforcement and compliance required before a landlord could rent out a property. Certification could either be done through the local authority or centrally through the PRTB, but in either case would require additional staff to administer and enforce.

## **Step 6 Review**

As part of the Action on the Private Rented Standards local authorities were asked to take a more planned approach to standards inspections in this sector and as a first step to set targets for inspection activity in 2007 and to make quarterly returns on activity. Figures in relation to inspection activity carried out by local authorities is gathered from local authorities by the Centre for Housing Research and reported as part of the Annual Housing Statistics produced by the Department of the Environment, Heritage and Local Government and it is envisaged that this will continue to be the case when the proposed new regulations are introduced. The PRTB also produced an Annual Report detailing its activities in relation to tenancy registration and dispute resolution, for example.

It has been fifteen years since the standards in the private rented sector have been updated. A more regular review of the regulations, at least once every five years, might better achieve an objective of insuring the sector remains in keeping with modern requirements and is sustainable into the future.

Up-dating the regulations as outlined in Option 2 above is in keeping with the commitment to promote improvement in standards in the sector.

## Annex 1

### Summary of Submissions for New Standards Regulations for Rental Accommodation

On Monday 21st July 2008 advertisements were placed by the Department of the Environment Heritage and Local Government in a variety of newspapers inviting submissions for the proposed new standards regulations for private rental accommodation. This advertisement, the proposed changes and the current regulations were all placed on the Centre for Housing Research website ([www.chr.ie](http://www.chr.ie)) and the Centre managed this submission process. Members of the public could download these documents directly, make a telephone or written request, or email requesting them upon return. In total 25 submissions were received, ranging from members of the public to landlords to special interest groups.

The following is a summary of the submissions received. Full text of these submissions has been made available to the Department of the Environment, Heritage and Local Government. A list of those who made submissions is at the end of this summary.

- Concern was expressed that the new standards may result in the phasing out of the one-room bedsit, without a viable alternative in place for those on low incomes.
- Queries were raised about the cost involved in up-grading properties to meet the proposed regulations and concern was expressed that this would be ultimately borne by the tenants.
- Potential difficulties in up-grading older listed properties was also raised.
- Queries were raised regarding the definition of different terms in the regulation, such as 'habitable' and 'good working order' and the need for clearly defined terms was stressed.
- The importance of enforcing the standards through adequate levels of inspections of rented properties was emphasised.

- Calls for a licensing system or a NCT style certificate for landlords who meet the revised standards were made.
- It was suggested that the revised standards should also deal with energy efficiency and security issues.
- The planning implications for improving the sanitary facilities in older listed buildings were raised.
- Queries regarding the implications of the new standards for the voluntary and co-operative housing sectors were also highlighted.

### **The following submissions were received from organisations**

**USI:** broadly welcomed the new proposals and considered them a vast improvement on the previous regulations but felt that terms such as “wear and tear” needed to be more clearly defined.

The USI also included specific recommendations such as; changing the existing wording of “maintained in good working order” to full “working order”. It welcomed the inclusion of natural lighting in habitable rooms but commented that this definition left too much flexibility for landlords.

USI believed that it is very important that a robust penalty system is in place for those landlords who do not comply with the revised regulations.

**Focus Ireland** recommended that: strict enforcement of any proposed new standards is essential if they are to be effective; that a licensing system for private landlords should be introduced under the regulation of the PRTB; an upward revision of the caps on rent supplement; an acceleration of the expansion of RAS; that landlords should be prohibited by law from refusing to accept a potential tenant on the grounds that they are in receipt of rent supplement and that rent supplement be paid in advance rather than arrears.

More specifically, Focus Ireland called for greater clarity on some of the terms in the proposed regulations; regulation of the external environment of dwellings; greater

clarity regarding the standard of appliances from an energy efficiency perspective; dwellings should have a minimum number of power points, gas and electric meters should be accessible, as should information on relevant service charges; windows and door should be child proof; emergency telephone facilities should be accessible and the regulations should specify that landlords are responsible for essential maintenance and repairs within an agreed timeframe. Focus Ireland recommended the regulations should apply equally whether the landlord is a local authority, private individual or housing association and that a specific purpose grant should be available (where appropriate) to assist landlords to refurbish older buildings presently in use for rented housing.

**The Irish Property Owners Association (IPOA)** argued that current minimum standards in the private rental sector are by no means out of date with normal living conditions. The lack of an adequate inspection process was blamed for the existing problems in the private rental standards, and IPOA suggested that properties in the private rental sector should carry an NCT type certificate, prior to being put on the market for letting, and this certificate must be produced by the property owner. IPOA felt that the proposed draft standards did not take into account houses that are rented unfurnished, and that inspections are the key to ensuring that all accommodation is up to an acceptable standard.

IPOA proposed that it will not be possible to improve the sanitary facilities in a number of the older buildings due to the size of the rooms and the layout of the properties and a huge percentage of these buildings are listed and may not get planning permission. As these homes consist of multiple units there will be numerous people made homeless, IPOA argued, and this will cause hardship and difficulties for tenants and landlords.

Refurbishment relief on rented accommodation was withdrawn on the 31<sup>st</sup> July 2008. Landlords are not allowed to offset the cost of refurbishment against rental income which will not encourage any upgrading of rental property.

IPOA argued that fixed heating appliances should not be included in the standards. The Association also say that it is essential in private rental accommodation that ventilation is technically sufficient to handle the air changes necessary for good living

conditions. IPOA went on to ask for a clear definition of the term “habitable” and that a central fire warning system should be installed in the property.

IPOA highlighted that the phasing in of some of the requirements will be costly and could require substantial refurbishment. Phasing in should be a minimum of five years and in the meantime local authorities should be required to ensure that every rental property has been inspected and is up to current standards, according to the Association.

**National Association of Building Co-Operatives (NABCo)** argued that the cost and management implications for providers of social rented housing should be considered when considering changes to the rented housing standards. With regard to sanitary facilities, NABCo raised the point that that within the social rented housing stock there are “bed-sitter” units, which have a separate shower/bathroom facilities included within the dwelling unit for the exclusive use of the tenant. In finalising the wording of the regulation relating to sanitary standards it may be appropriate to ensure that this type of self contained bed-sitter unit with its own non-shared bath or shower/w.c. facility is recognised and that this type of bedsitter unit is not in some way classified as being unsuitable for letting or made “hard to let” because of any loose use of the term “bedsitter” in the description of the purpose of the regulations as being to end the provision of bedsitter dwellings or in the actual wording of the regulations. The association supports the view that one room bedsitters with shared toilet facilities should be phased out.

The statement that all rental accommodation should contain a four- ring hob with oven and grill, fridge and freezer, microwave, washing machine and possibly a dryer, often described as “white goods” does not appear to have had any regard to the cost, care, repair and replacement issues that would arise for social rented housing providers in the local authority/public, the voluntary and the co-operative housing sectors.

If it is decided to make the installation of “white goods” a mandatory requirement in all new social rented houses, or first-time lettings of this type, the cost of acquiring and installing the equipment listed would have to be added to the building or acquisition costs.

With regard to ventilation, lighting and fire safety NABCo are of the view that accommodation for all first time lettings should be subject to compliance with the current requirements of the Building Regulations. Efforts should be made to avoid discrepancies between the Housing Regulations and the Building Regulations.

Reference is made to the possible “phasing in” of the proposed revised standards over a period of 3 to 5 years. Clearly, in the case of older social rented housing in the local authority/public, the voluntary and the co-operative housing sectors, suitable funding arrangements for any refurbishment works to achieve compliance with new standards would have to be given prompt attention in such circumstances.

NABCo also called for a proper distinction to be made between waste storage and disposal of apartment buildings or multi unit buildings with rented units and the different circumstances arising in rented houses. In conclusion, NABCo called for engagement with representative bodies for the social and rented housing providers and managers in regard to the cost and management issues which would arise from the implementation of these new regulations.

**The Irish Council for Social Housing** agreed that it was timely and appropriate that this revision take place, and that the revision will impact on the social housing provided by approved housing bodies the inclusion of dwellings with shared facilities (eg for special needs categories) in the voluntary sector is confusing and at times contradictory (ie regarding technical specifications under Part 7 of the Capital Funding Schemes). ICSH argued, therefore, that was inappropriate to include non self contained dwellings with communal facilities into the revised proposals due to the nature of the housing model being provided. The ICSH argued that the definition of ‘house; is unclear in the new regulations in the context of including non self contained dwellings provided by the voluntary sector. ICSH also pointed out that in social housing tenancies the tenant is responsible for the furnishing and maintenance of same and this should be clear within any revised definition. Older properties may require access to funding for remedial work to bring them up to the new standards, ICSH argued. Additional funding was likely to be needed to comply with the proposed new ventilation, lighting and fire safety requirements, it was pointed out.

ICSH proposed that if special needs accommodation with communal facilities comes within the remit of the regulations, this would require significant changes to the stock and type of dwellings currently provided by the voluntary housing sector.

The **Saint Vincent DePaul** began its submission by saying that it felt that the development of revised and updated regulations for rented accommodation represented a step towards improving the standards of this accommodation. The Society called for the inclusion of a separate section in the standards regulations on energy efficiency. The submission argued that a mobile gas /heater was not an adequate form of space heating on its own. SVP also called for more consideration to be given to general storage requirements and also to security features, as specified in the Design Standards for New Apartments, and also to appropriate sound proofing and the recreation needs of children living in the sector. SVP argued that the key to the new standards will be enforcing the regulation and called for more resources for local authority inspectorates. Delays in introducing the up-dated regulations was also likely to result in the most vulnerable individuals and families continuing to end up in the poorest accommodation, SVP argued.

**Limerick County Council** commented that the new standards should also include a reference to the building energy ratings standards.

A submission received from **Cabra Park Residents Association** proposed that, no more than 4 bedrooms in any one house could be used as shared accommodation.

### **Submissions from individuals**

**Eoin McMahon** is a landlord and member of the public who has been connected to the residential accommodation sector for 30 years. In his submission he argued that under the Sanitary Facilities heading of the outline proposals the term “self-contained” is a typographical error as the construction of Victorian and Georgian properties, with all sewerage pipes located at the back of the properties means that it is literally impossible to provide bedsit units, located at the front of the properties in question, with so-called self-contained washing and toilet facilities. That the term “self contained” should be changed to “personal”.

He said that there is no definition of the term “habitable” in the proposals and felt it is vital that bathrooms are specifically excluded having regard to any misinterpretation that a local authority environmental health officer (EHO) may make on what is and what is not a “habitable” area.

He also recommended that “a specific delineation is drawn regarding “fumes” from heating appliances as defined in the current proposals, so as such fumes from gas heating and cooking appliances are directly separated for interpretation purposes, from such fumes from electrical appliances, whether for heating or cooking.”

He argued for the introduction of a 100% grant scheme for landlords to ensure that there is not a mass exodus of landlords from the sector.

**Jeremy Wales** predicted that the proposal regarding self-contained sanitary facilities in all rental accommodation would result in the phasing out of the traditional one-room bedsit which would result in a serious reduction in the number of small accommodation units available to low-income groups. He recommended that any proposal to reduce the number of bedsit accommodation should be offset by the provision of new bedsit accommodation built to appropriate standards.

**Kate Kelly** submitted that the new regulations will serve largely only to eliminate a necessary source of cheap accommodation, that the new regulations will ensure that the bedsit accommodation option die out while failing to provide an affordable alternative. She argued that it would be better to organise an adequately-staffed inspection service to monitor that rental accommodation is fairly priced, structurally sound, and meets basic standards of cleanliness.

**Frank Kennedy**, a landlord, argued that the cost of the improvements will ultimately be borne by the tenants not the landlords and that displaced tenants from bedsits will inevitably have to pay more for their accommodation. The revised standards do not account for what will happen to those renting in bedsits when their accommodation becomes more expensive due to the improved standards, he pointed out. He also felt that a phase in period of 5-10 years for ‘old’ lettings to be phased out should be allowed.

**N Eacha** made the point that minimum security standards should include locks on external doors.

**Marc Devereux**, based on the experience of inspections carried out in Wicklow County Council recommended that the regulations should address the area of attic conversions, which currently are not being dealt with under Building Control because the conversion is not recent and thus the action is statute barred.

**Patrick J Grant** stated that the revised standards lacked details on storage facilities, guaranteed access to an adjacent park and secure parking facilities for transport equipment.

**John Beausang** of Cork City Citizens Information Service called for an independent appeals mechanism within the social and affordable housing sector similar to the PRTB.

**Peg Connolly** whole-heartedly agreed with the law being changed.

**Rosemary Snead** provided details of her experiences to-date as a tenant and hoped that the new standards would make it more difficult for landlords to take advantage of vulnerable tenants.

**Fiona Russell** is a landlord who wrote to say she wanted the PRTB to carry out inspections of all properties.

**Eugen Ticu** is an architect who submitted that kitchens and bathrooms should be enclosed rooms and have natural ventilation and that heating should be centralised and that dual aspect apartments only to be allowed.

**Sadie Delany**, a landlord, would like if the landlords name and contact telephone number were available in a special telephone directory of "Rented Properties". This she says will be useful for things like alarms and uncollected rubbish.

**Partick J Brennan** wrote in to complain about heating and sanitary facilities.

**F Byrne** felt that there was not enough protection for landlords when it comes to unruly tenants.

**Beatrice Behan** a tenant says that senior citizens should be entitled to a separate bedroom.

**Dick Brady**, Fingal County Council, queried the proposal that landlords provide white good arguing that this would cause 'administrative/maintenance madness'.

List of those who made submissions:

1. USI
2. Focus Ireland
3. Eoin McMahon
4. The Cabra Park Residents Association
5. The Saint Vincent DePaul
6. Jeremy Wales
7. Kate Kelly
8. The Irish Property Owners Association
9. Limerick County Council
10. Frank Kennedy
11. National Association of Building Co-Operatives (NABCo)
12. Patrick J Brennan
13. J Byrne
14. Mrs Beatrice Behan
15. Mrs Sadie Delaney
16. Eugen Ticu
17. Fiona Russell
18. Ms Rosemary Shead
19. Peg Connolly
20. John Beausang
21. Patrick J Grant
22. Irish Council for Social Housing
23. Marc Devereux
24. N Eacha
25. D. Brady, Fingal County Council