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Ministerial Foreword

I have great pleasure in launching these proposals for change for the private rented sector in Northern Ireland. This document is the culmination of a detailed examination of the role of the private rented sector and the existing regulation that governs the sector.

The Department’s vision for the private rented sector is one which is professional, well managed, affordable, sustainable and which provides a viable housing option with security for both tenants and landlords.

The private rented sector is instrumental in meeting housing need in Northern Ireland. It has always catered for a diverse range of households but increasingly it is becoming a more permanent home for a growing number of people.

The sector has grown dramatically over the past 25 years and this has lead to an increased focus on the sector, and it is for this reason that any policies introduced must be future proof so they can adapt to the changing needs of landlords and tenants.

The Department has worked closely with colleagues in the University of Ulster, Housing Rights, Chartered Institute of Housing, Northern Ireland Housing Executive, Local Councils, Royal Institute of Chartered Surveyors, Landlords Association for Northern Ireland,
Private Tenants Forum and the Association of Residential Letting Agents. Their input has directly informed our vision and the proposals set out in this consultation document.

The consultation provides a detailed examination of the existing challenges facing landlords and tenants in the private rented sector. The proposals are evidence based, are responsive to the changing private rented sector landscape and will provide a sound basis for making the private rented sector a better place for all who live or work there.

I invite you to take this opportunity to respond to the document and help shape the future of the private rented sector to make it fit for purpose.

Thank you.

Paul Givan
MINISTER FOR COMMUNITIES
Executive Summary

This public consultation document is the second stage in the Department’s Review of the Role and Regulation of the Private Rented Sector. It proposes a number of changes which will impact on both landlords and tenants.

The aim of the review is to consider the current and potential future role of the sector and assess the effectiveness of current regulation, identifying where improvements can be made to help make the private rented sector a more attractive housing option. Whatever is introduced, it is important to get the balance right, protecting tenants while ensuring good landlords aren’t burdened with unnecessary or cumbersome regulation.

This document sets out proposals on:

- Supply
- Affordability
- Security of Tenure
- Tenancy Management
- Property Standards
- Dispute Resolution

The Department proposes to:

- gauge the appetite of institutional investors from Great Britain to invest in Northern Ireland
- encourage the development of more mixed tenure housing areas
- scope out the role of Housing Associations in the private rented sector
- restrict number of times rent can be increased in a 12 month period
- ensure all private tenants are issued with a written agreement which must contain mandatory terms
- increase the minimum notice to quit period from four weeks to two months
- introduce a Fast Track Eviction process
- consider landlord training programme
- pilot a dedicated landlord advice line
- develop a tenant information pack
- amend the Landlord Registration Regulations to incorporate a fitness declaration at the point of registration
- introduce a regulatory framework for letting agents
• introduce requirement for landlords to provide smoke alarms, carbon monoxide detectors and carry out periodic electrical checks
• introduce legislation around Energy Performance Certificate ratings with possible exemptions
• move the 1945 date for rent control to 1956
• establish an independent housing panel for Northern Ireland

Following the consultation period, which will end on 3 April 2017 the Department will set out how the agreed proposals will be implemented over the rest of the Assembly mandate, including any necessary legislation. Any new commitments will be subject to a regulatory impact assessment.

The Department does not have all the answers and it cannot bring in these changes alone. We will continue to work closely with key stakeholders to implement proposals.
1. Introduction

1.1 The Housing Strategy for Northern Ireland (2012-2017) has a vision focused on ensuring that everyone has the opportunity to access good quality housing at a reasonable cost. The private rented sector, which currently accounts for over 16% of the total housing market, has an important role in helping meet that vision. The subsequent Housing Strategy Action Plan made a commitment to make the private rented sector a more attractive housing option for more people by improving standards and regulation.

1.2 A number of changes to the regulation of the sector have been made over the last six years as a result of the Private Rented Sector Strategy - “Building Sound Foundations” - which was published in March 2010. This strategy had as its primary objective to create the conditions in which the private rented sector contributes more fully to meeting rapidly changing housing needs and ensures the provision of good quality, well managed accommodation. The changes made included the introduction of longer notice to quit periods and both the Tenancy Deposit and Landlord Registration Schemes. These measures have helped to improve tenancy management and provided greater security of tenure for long-term private rented tenants.

1.3 The Department launched a further review of the role and regulation of the private rented sector in November 2015. The first stage of the review was in the form of a discussion paper. The discussion paper contained a wide range of relevant issues impacting the private rented sector and sought the views of tenants, landlords and of those who work in the sector. It focused on the existing situation and asked what, if anything needed to change in order to make the sector a more attractive housing option. It also examined practice in other countries. The formal consultation on the discussion document closed in February 2016 and was followed by face to face engagement with a range of stakeholder groups.

1.4 This consultation paper uses the information obtained during this process. It presents the issues highlighted and provides recommendations for enhancing and improving the sector in the context of the Housing Strategy aim of making the private rented sector a more attractive housing option for a wider range of households.
1.5 The proposals for change included in this paper have been equality screened and a copy can be found at Review of the Role and Regulation of the Private Rented Sector - Proposals for Change Screening Template. Following feedback from this consultation the agreed proposals will be subject to regulatory and equality impact assessments as required. A cost benefit analysis will be undertaken for agreed proposals which have a financial impact.

1.6 The Department has prepared the proposals in this document mindful of wider changes affecting the private rented sector. This includes a review of the statutory fitness standard, which is scheduled to produce proposals for public consultation in 2017, and the implementation of the Houses In Multiple Occupation Act (Northern Ireland) 2016.

1.7 The Department would welcome responses to proposals set out in this document and summarised at pages 51-52.

How to Respond

The Department will consider all responses provided in writing, preferably in electronic format. Responses should reach the Department by Monday 3 April 2017. Please reply by email to: policy.housing@communities-ni.gov.uk or by post to:

Karen Barr
Department for Communities
Housing Policy, Strategy and Reform
Private Rented Branch
Level 3 Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG

If you wish to seek clarification on this document please contact Karen Barr on tel: 028 9051 5281 or by email karen.barr@communities-ni.gov.uk

Public Events

The Department will hold four public events as outlined below to facilitate discussion on this document:

Monday 13 February 2017 at 7.00pm – The Sandel Centre, 6 Knocklynn Road, Coleraine BT52 1WT
Wednesday 15 February 2017 at 7.00pm
Craigavon Civic Centre, Lakeview Road,
Craigavon BT64 1AL

Monday 20 February 2017 at 7.00pm
Cookstown Enterprise Centre, Derryloran Industrial Estate, Sandholes Road, Cookstown BT80 9LU

Wednesday 22 February 2017 at 7.00pm
Grosvenor House, 5 Glengall Street, Belfast BT12 5AD

To book your place at any of the above events please notify the Department before Monday 6 February 2017 by email to policy.housing@communities-ni.gov.uk

Copies of this Discussion Paper
This document is being produced primarily in electronic form and may be accessed on the Department’s website. If you require access to this document in a different format – for example Braille, disk, audio cassette, larger font – or in a minority ethnic language please contact the Department’s Private Rented Branch on 028 9051 5257 to discuss your requirements.

Confidentiality, Data Protection and Freedom of Information
Your response may be made public by the Department and placed on the Department’s website as part of the discussion process. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as ‘CONFIDENTIAL’. Any confidentiality disclaimer that may be generated by your organisation’s IT system will be taken to apply only to information in your response for which confidentiality has been specifically requested.

Information provided in response to this document, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA)). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this, it would be helpful if you could explain why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
2. The private rented sector review

2.1 The key objectives of the review are to:
- assess the contribution the private rented sector currently makes and could potentially make in the future to increase housing supply, meet demand and need
- identify the key enablers to support the current and potential future role of the private rented sector
- evaluate the effectiveness of existing regulation
- ascertain if there are any unintended consequences in the current system and make recommendations on how these could be addressed
- assess the contribution the private rented sector does and could make to support the Northern Ireland Executive’s Together Building a United Community Strategy, which has a clear focus on encouraging more shared housing

2.2 In delivering the objectives this review has looked at:
- opportunities and challenges that face those involved in the sector, including landlords and tenants
- lessons learned from other parts of the United Kingdom, the Republic of Ireland and wider Europe

2.3 A very important part of the information gathering and discussion period was the series of public events and meetings held with stakeholders that facilitated conversation and debate on the discussion document. These included meetings with Council representatives, the Private Tenants Forum, the Landlords Association of Northern Ireland, Housing Rights, and the Rural Community Network.

2.4 There were 85 written responses received, and over 1,000 “hits” to the online document. As expected there were very differing views on some of the topics raised, for example on the subject of licensing there was a clear split between landlords who feel a licensing scheme is not needed and others who feel the sector would benefit from such a scheme.

Tenants Survey.

2.5 Following an analysis of the responses to the questions posed, there were concerns around the lack of direct response from private tenants therefore the Tenancy Deposit Scheme Administrators and Housing Rights, all of whom hold address data for private tenants, were asked to carry out a survey on behalf of the Department. The aim of the survey was...
to get information on the experience of those who live in the sector. 10,000 surveys were issued and just over 1,200 responses were received. The main reasons cited for living in private rented accommodation were:

- 33% said they could not afford to buy a home
- 25% said the rented accommodation was in an area they wanted to live
- 11% said the social housing waiting list is too long
- 10% said they liked the flexibility of renting

The main issues of concern raised by tenants were in relation to:

- the standard of some of the accommodation
- the handling of repairs
- the affordability of rents
- letting agent practice

Consultative Forum.

2.6 Once all of the responses to both the tenants survey and the discussion document were analysed, the then Minister gave approval for a consultative forum to be established. It was chaired by the Department and made up of representatives from a wide range of groups. This forum discussed the responses received to the document, produced background information and debated the potential changes which could be made to improve the sector.

Landlord Forum.

2.7 In addition to the consultative forum the Department brought together a group of landlords representative of the 84% who own one or two properties, to discuss the impact of any proposed changes on them.

2.8 Throughout the consultation period and subsequent engagement with stakeholders from across the sector, there was widespread acknowledgement of the benefits of the current legislation. Although, unsurprisingly, there were different views and experiences reported from landlord and tenant perspectives. Councils across Northern Ireland, who use the provisions in the Private Tenancies Order to enforce standards, feel that while the existing legislation is useful, it does not fully address all of the issues they encounter in their day to day work. Ultimately, for all but pre-1945 properties, it does not improve property standards or act as a deterrent to non compliant landlords.
2.9 Conversely, landlords feel they are subject to a lot of regulation and any increased burdens may drive them from the sector. At the outset of the review, the need to recognise the rights and responsibilities of both landlords and tenants was made clear and we are mindful of the strategic aims from the Department’s Housing Strategy and the need for a balanced approach.

2.10 The following sections of this document deal with the emerging themes and issues from the consultation and subsequent engagement. They set out the background and context to each topic and present recommendations on the way forward. While all of the issues are clearly linked and often overlap, for discussion purposes these have been ‘grouped’ under headings for ease of reference:

- Supply
- Affordability
- Security of Tenure
- Tenancy Management
- Property Standards
- Dispute Resolution

2.11 It is important to ensure that the regulatory framework and supporting policy for the private rented sector is future proof and is attractive for tenants and landlords.
3. Characteristics of the private rented sector in Northern Ireland

Role
3.1 The private rented sector provides a housing option for a diverse range of families and individuals across Northern Ireland. Rather than large scale investors the sector is characterised by a large number of landlords who own one or two properties. The Landlord Registration Scheme database shows that around 84% of registered landlords own one or two properties. As the sector is made up of landlords with varying degrees of experience there is a wide spectrum of standards and professionalism.

3.2 Housing Benefit has a vital role in supporting tenants living in the private rented sector. In August 2016 there were some 69,036 private tenants (55% of all private tenants) in receipt of housing benefit. This equates to 42% of all housing benefit claimants.

Growth
3.3 Over the last 25 years the private rented sector in Northern Ireland has grown significantly, from around 5% of housing stock in 1991 to over 16% today. It is now of comparable size to the social housing sector. The figure below shows the growth over a 20 year period with statistics taken from the House Condition Surveys.
3.4 Much has been said recently about the reduction in home ownership across the United Kingdom. Recent information indicates that home ownership in Northern Ireland has dropped by more than 10% in a decade: 63% of people now own their own home, compared to almost 74% in 2006. This is a greater decrease than elsewhere in the United Kingdom. However at the same time, the private rented sector has grown significantly (see figure overleaf). The term ‘generation rent’ is now commonly used to describe those young people who live in privately rented accommodation, either by choice or due to the inability to secure a deposit or mortgage to access home ownership.
<table>
<thead>
<tr>
<th>Owner Occupied (%) (includes owned outright and owned with mortgage)</th>
<th>2000</th>
<th>2014 (est.)</th>
<th>2015 (proj.)</th>
<th>Change 2000 to 2025 (ppt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>69.0%</td>
<td>61.5%</td>
<td>59.5%</td>
<td>-9.5% 9.4% 19.9%</td>
</tr>
<tr>
<td>North East</td>
<td>63.2%</td>
<td>59.0%</td>
<td>59.9%</td>
<td>-3.2% 7.2% 17.2%</td>
</tr>
<tr>
<td>North West</td>
<td>69.9%</td>
<td>61.6%</td>
<td>59.7%</td>
<td>-10.2% 7.8% 19.3%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>72.8%</td>
<td>63.3%</td>
<td>61.9%</td>
<td>-10.9% 8.4% 20.1%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>69.9%</td>
<td>62.5%</td>
<td>62.1%</td>
<td>-7.7% 4.4% 17.5%</td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>67.6%</td>
<td>59.7%</td>
<td>59.9%</td>
<td>-9.7% 9.4% 18.8%</td>
</tr>
<tr>
<td>South West</td>
<td>74.7%</td>
<td>67.9%</td>
<td>69.0%</td>
<td>-5.7% 11.3% 18.4%</td>
</tr>
<tr>
<td>South East</td>
<td>75.5%</td>
<td>66.5%</td>
<td>66.7%</td>
<td>-8.8% 9.4% 18.4%</td>
</tr>
<tr>
<td>East of England</td>
<td>73.5%</td>
<td>64.5%</td>
<td>64.9%</td>
<td>-8.6% 9.4% 18.5%</td>
</tr>
<tr>
<td>London</td>
<td>58.7%</td>
<td>45.9%</td>
<td>45.9%</td>
<td>15.2% 15.2% 15.2%</td>
</tr>
<tr>
<td>Wales</td>
<td>72.1%</td>
<td>67.7%</td>
<td>68.8%</td>
<td>-3.3% 8.4% 14.5%</td>
</tr>
<tr>
<td>Scotland</td>
<td>63.2%</td>
<td>56.4%</td>
<td>58.6%</td>
<td>-6.8% 6.9% 13.7%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>72.3%</td>
<td>64.9%</td>
<td>64.9%</td>
<td>18.2% 5.7% -13.6%</td>
</tr>
</tbody>
</table>

Source: Extract from DCLG tenure data and PwC projections; figures capture the tenure of the household head. The numbers do not add up to 100% as the residual will be households in the social rented sector.
Future Growth

3.5 At July 2016 almost 49,000 landlords had registered on the registration database and had provided information on over 102,000 properties. Registrations are continuing at around 300/400 per month with, as yet, no sign of any slow down. At recent discussions, representatives from the Council of Mortgage Lenders (CML) and the Association of Residential Letting Agents (ARLA) advised that the sector is continuing to grow, with no sign of a decrease in the number of landlords entering the market. In addition to those who become a private landlord by choice, there are a number of so called ‘accidental’ landlords. These include individuals bequeathed a property or who are in negative equity and unable to sell their property at present and are receiving assistance to pay their mortgage by privately renting.

3.6 During the second half of 2015, there were 10,436 rental transactions in Northern Ireland, a decrease of 8.8% on the first half of 2015. The general decrease of rental transactions since 2013 may be reflective of the fact that many of those who rent are choosing to stay longer in their accommodation. It may also be reflective of an improvement in mortgage and housing market conditions.

3.7 While all indicators clearly point to continuing growth, some landlords and their representatives have highlighted the changes in income tax which come into force in 2018, and which they claim may discourage new landlords from entering the market and prompt some small landlords to leave.

Current Regulation

Private Tenancies Order

3.8 The Rent (Northern Ireland) Order 1978 and the Private Tenancies (Northern Ireland) Order 2006 (PTO) sets out the law on the current regulation of the private rented sector and provides councils with powers to enforce the legislation. Under the existing legislation private landlords must:

- fulfil tenancy management duties
- comply with notice to quit periods
- provide tenants with a rent book, free of charge
- ensure tenants are free from harassment and illegal eviction

3.9 Since the introduction of the PTO, the Department has identified a number of areas which need some clarification. The proposals for change are detailed at Annex A.
3.10 The Tenancy Deposit and Landlord Registration Schemes were added to the PTO in 2011.

Tenancy Deposit Scheme (TDS)
3.11 The purpose of the TDS was to put in place arrangements which would safeguard a tenant’s deposit and provide a means to allow disputes between landlords and tenants around deposits to be dealt with independently and quickly at no direct cost to either party. Previously, redress had only been available through court procedure.

3.12 The TDS was introduced in 2013 and by August 2016 over 77,000 deposits had been protected amounting to almost £45 million.

3.13 Recommendations for change resulting from the post project evaluation of the TDS are summarised at Annex B.

Landlord Registration Scheme (LRS)
3.14 In 2014 the LRS was introduced, to enable all private landlords to register and provide details of themselves and their properties creating a single database of landlords.

3.15 It was widely accepted at the point of the introduction of the scheme, that it was an important step towards professionalising the sector.

3.16 The information collected is available to local councils who use the data to make sure landlords comply with the law, raise standards and where necessary, improve tenancy management within the sector. Landlords pay a £70 fee for a three year registration. Once registered landlords receive an initial information pack and a quarterly newsletter.

3.17 Recommendations for change resulting from the post project evaluation of the Landlord Registration Scheme are summarised at Annex C.

3.18 It is the responsibility of environmental health officials in councils to enforce the PTO, which includes TDS and the LRS. They have the power to issue warning letters, fixed penalty notices or pursue legal actions through the courts. While the PTO provides the power to councils, they continue to raise the issue of the funding they need to carry out the associated functions.
4. Supply

The Department proposes to:

1. Commission work to gauge the appetite of institutional investors with existing portfolios of private rented sector properties in Great Britain to invest in Northern Ireland and the conditions needed to support such investment.

2. Explore opportunities to use money available for shared housing through the Fresh Start agreement to incentivise the development of more mixed-tenure housing areas, including private rented accommodation, underpinned by a shared ethos.

3. Scope the opportunities with housing associations for greater involvement in the private rented sector.

Why supply?

4.1 Maintaining an appropriate level of housing supply is fundamental to economic success and housing market stability.

4.2 Two of the objectives of the Review of the Role and Regulation of the Private Rented Sector relate directly to the issue of housing supply. These are to:

• assess the contribution the private rented sector currently makes and could potentially make in the future to increase housing supply, meet demand and need

• assess the contribution the private rented sector makes and could make in supporting the Northern Ireland Executive's Together Building a United Community Strategy, which has a clear focus on encouraging more shared housing

4.3 Fundamentally the Department is trying to assess if there are currently enough homes available in the private rented sector and if there will be enough in the future to meet demand and changing societal expectations.
4.4 As part of its work on the Regional Development Strategy, the Department for Infrastructure produces Housing Growth Indicators (HGIs) which set out the amount of new housing supply needed to reflect changes in the population.

4.5 The latest published HGI figures indicate a need for between 5,500 and 7,200 new homes per annum across all tenures until 2025. While this does not break need down into specific tenures, based on the current share of housing stock that is privately rented, it would not be unreasonable to assume a private rented need of between 900 and 1,200 new homes per year.

4.6 While the private rented sector has grown considerably over the last ten years most additional private rented stock has come about through landlords purchasing existing homes which were previously owner-occupied. There has been limited evidence of new homes built specifically for private rent.

4.7 Apart from the years between 2004 and 2008, when house prices were increasing rapidly, private sector housing construction in Northern Ireland has not kept pace with the growth in the number of households over recent decades. There remains a gap between the number of homes being constructed (for either sale or private rent) and those needed to meet demographic change.

4.8 The number of households in Northern Ireland has grown over the last 25 years as a result of population growth and a reduction in the size of the average household (from 2.9 to 2.5)\(^1\). Smaller households are partly due to decreasing average family sizes and partly because longer average life expectancy means that there are more households comprised solely of older people living in couples or alone. The growth in the number of households has increased the demand for housing. There is a body of evidence worldwide that greater numbers of younger people are opting for long-term rental rather than home purchase. For those who continue to aspire to home ownership, tighter mortgage lending criteria have made it more difficult for some younger households to purchase their own home in recent years.

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\(^1\) Northern Ireland Statistics and Research Agency
4.9 As a result of these changes, the private rented sector has expanded, particularly over the last fifteen years. As of July 2016, landlords who have registered through the Landlord Registration Scheme have provided details of approximately 102,000 properties. This is mapped by council area below.
4.10 The key findings of the Performance of the Private Rental Market in Northern Ireland report July – December 2015 suggest that the rental market in Northern Ireland continues to display considerable vibrancy. There is some evidence of a slight drop off in the number of rental transactions over recent years, but it is not clear from the evidence whether this means that private renters are moving less frequently or whether with improvements in house prices some ‘accidental’ landlords are withdrawing from the private rented market.

Shared housing
4.11 Residential segregation is a particular feature of the housing market in Northern Ireland. Most Housing Executive estates, particularly in Belfast, are single identity, that is most residents are from one community background. This can mean that social housing is not always an attractive option for people in mixed relationships. There is evidence from some stakeholder feedback that the private rented sector has played an important role in providing rented housing solutions for those on low and modest incomes who want to live in a shared area.

4.12 In addition, almost 80% of black and ethnic minority (BME) households renting accommodation are doing so within the private rented sector².

4.13 The Northern Ireland Executive’s Together: Building a United Community (TBUC) strategy tasks the Department for Communities with delivering 10 new shared neighbourhood developments. While these focus on social housing, the Department recognises that public housing provision is not the only lever for encouraging greater shared housing. Going forward, the Department is keen to develop more mixed tenure estates, so that people have greater choice and flexibility about where they live and who they live beside. There are plans for a signature pilot project on the St Patrick’s Barrack’s site in Ballymena which will include shared social housing, privately owned and privately rented accommodation.

Investment in new build
4.14 Given the need for new housing supply identified through the Housing Growth Indicators, the key question is how new private rented sector supply will be realised.
4.15 Landlords who have engaged with the Department questioned whether growth in the private rented sector would continue due to tax changes announced by the Chancellor in the summer budget 2015 and autumn statement 2015 which will take effect in 2018. Some landlords also raised concerns around the limited number of buy-to-let mortgage products available in Northern Ireland, particularly in comparison to other parts of the United Kingdom. Other commentators, including the Council of Mortgage Lenders, gave a more upbeat assessment for growth within the private rented sector in Northern Ireland.

4.16 Given the profile of Northern Ireland’s PRS with most landlords having fewer than five properties, some stakeholders felt that the tool that would do most to have a positive impact on supply and investment is tax incentives. However, powers over taxation matters are not devolved to the Northern Ireland Executive.

4.17 In 2012 the Montague report highlighted institutional investment as a means of improving professionalism within the private rented sector and providing a more secure, long-term supply of rented homes. Following the Montague Review, the United Kingdom Government established two flagship schemes as a means of kick starting new institutional investment in the PRS.

4.18 The United Kingdom Government wants to see a broader range of players and service offerings in the United Kingdom private rented market, which is currently dominated by small individual landlords, and so have been encouraging purpose built private rented homes managed by professional landlords through a £1 billion Build to Rent Fund (equity finance) and a £10 billion debt guarantee scheme. To date almost 5,800 homes have been contracted through the Build to Rent Fund with investment totalling £652 million. Much of this new supply has been focused in the south-east of England.

4.19 In a smaller and less prosperous market, Northern Ireland is less likely to attract such large scale investors. However, there has been some recent large scale investment in purpose built student accommodation in Belfast. It would be worth undertaking a market study to determine whether there would be any appetite for institutional investment in other forms of private rented housing in Northern Ireland and whether public funds, such as loans on favourable terms, could be used as a means of leveraging in such investment.

4.20 Some stakeholders also raised the potential role for the Housing Association movement to be more involved in the private rented sector either through direct investment or managing properties on
behalf of private landlords. Such large scale social housing providers, with a professional background in housing management, should be encouraged to examine models for providing homes for private rent. This mirrors one of the recommendations from the Housing Supply Forum's Report and Recommendations published in January 2016. (Recommendation 4)

PROPOSALS TO HELP ADDRESS SUPPLY OF PRIVATE RENTED SECTOR HOMES:

1. Commission work to gauge the appetite of institutional investors with existing portfolios of private rented sector properties in Great Britain to invest in Northern Ireland and the conditions needed to support such investment.

2. Explore opportunities to use money available for shared housing through the Fresh Start agreement to incentivise the development of more mixed-tenure housing areas, including private rented accommodation, underpinned by a shared ethos.

3. Scope the opportunities with housing associations for greater involvement in the private rented sector.
5. Affordability

The Department proposes to:
Introduce legislation to stipulate that rents can only be increased once in any 12 month period.

5.1 It is essential to the sustainability of the private rented sector that homes are affordable. The review sought the experiences of both landlords and tenants on issues of affordability.

5.2 Affordability is one of the main issues raised by private renting tenants through the Housing Rights Advice Line. Although in the main average rents are relatively stable in Northern Ireland, there are concerns that some families are struggling to pay their rent.

5.3 The Joseph Rowntree foundation states that 30% of a person’s income should be used to meet housing costs while the 2007 Affordability Report completed by Sir John Semple states that housing costs should not exceed 35% of gross household income. Northern Ireland has on average the lowest rents in the United Kingdom (£568 per month)\(^3\), but wages are also among the lowest (£382.50 gross weekly earnings at April 2015) see table at Annex D. The figures in the table show the variations across Northern Ireland and using the 35% figure there are three council areas where there are affordability issues.

Current Support

5.4 Housing Benefit plays a vital role in supporting low income tenants in the sector. At 1 August 2016 there were 69,036 private sector tenants in receipt of housing benefit. This equates to 42% of all housing benefit claimants.

5.5 Local Housing Allowance (LHA) rules apply to tenants who rent from a private landlord. LHA is based on rent levels for the area the property is in; how many people live there; and any savings the

\(^3\) Performance of the Private Rental Market in Northern Ireland July – December 2015
tenant may have. In some cases the LHA figure for the area may be less than the amount of rent the tenant is actually being charged by the private landlord. Tenants then have to meet the shortfall between Housing Benefit and the rental charge for certain properties, in some cases this could mean more than £5.00 per week. Research carried out by the Chartered Institute of Housing in May 2016 reports that 80% of the Local Housing Allowance (LHA) rates across Northern Ireland now no longer pay for the cheapest 30% of the local market. Feedback from tenant representatives state that this is causing concern for many tenants. In cases where the landlord is unable or unwilling to agree a lower rent, tenants may be forced to find an alternative house or risk falling into rent arrears. Rent arrears are often the reason why landlords will seek to bring tenancies to an end. However, evidence shows the number of tenancies ended for this reason is the same whether the tenant was in receipt of housing benefit or not.

5.6 The Northern Ireland Executive has agreed mitigation measures where a tenant can apply for a discretionary housing payment to meet the shortfall. It has to be noted, however, that the funding for these payments is limited.

Welfare Reform

5.7 Under Welfare Reform policy Northern Ireland has secured changes to the way Universal Credit (UC) can be paid to protect the most vulnerable in our society and reflect its unique circumstances. These changes mean that in Northern Ireland the:

- housing cost element of UC is paid direct to landlords rather than the claimant
- payment of UC may be split between two parties in the household
- payment of UC due may be split into two monthly payments.

5.8 Another positive outcome for the Private Rented Sector will be that the housing cost element of UC will only be paid to registered landlords. This will act as a strong incentive for any remaining unregistered landlords to register.

5.9 The mitigations and protections which have been put in place should soften the impact of welfare reform in Northern Ireland. The position is being closely monitored by the Department.

Rent Cap

5.10 Until 1978 all private sector rents in Northern Ireland were controlled and as a consequence, the private rented sector was a much smaller element of the
Northern Ireland housing market. Sector-wide rent control was removed in 1978 with the exception of rents for protected and statutory tenancies which remain controlled (currently approximately 900 tenancies). In April 2007 additional rent control was introduced. For all tenancies which commenced after this date and where the property was built before 1945 and does not meet the statutory fitness standard, the rent is determined by the Rent Officer for Northern Ireland. The rent for these properties remains controlled until the property is made fit.

5.11 In countries with a large private rented sector market characterised by more institutional investment, such as Germany, Netherlands, Denmark and Norway, forms of rent control or regulation are more common place. These are often based on a points system or cost formula and must be within limits set locally and comparable with market rents.

5.12 Landlords who responded to the consultation document were opposed to any move to introduce new forms of rent control and state that it would be disadvantageous at a time when increased investment is what is needed. They also stated that the introduction of rent control would either force them to leave the sector or make them unwilling to accept tenants in receipt of housing benefit.

5.13 Many consultees had concerns over the frequency of rent increases. Examples were provided of landlords imposing increases in rents with little notice and in some cases more than once in a 12 month period. This practice can then cause tenants to leave or fall into arrears which in turn can lead to eviction. In comparison, rent reviews for commercial property are generally only carried out once in a three - five year period.

5.14 New requirements have been introduced in the Republic of Ireland where rents can only be reviewed once every 24 months and the landlord must give 90 days notice of the rent review and must also show comparable advertised rents in the area.

Options Considered
5.15 Taking into account the fact that landlords expect a return for their investment and tenants can only pay what they can afford the following options were considered:

1. Rent Control for all private tenancies. This would act as a major disincentive to investment in the private rented sector. With the majority of landlords in Northern Ireland owning one or two properties, rent control would be likely to have an adverse impact, making renting financially unviable and pushing some landlords out of the sector.
2. Limit the rent that can be charged to LHA rates. This would mean that there would be no shortfall for tenants to pay but the downside for landlords would be in respect of meeting mortgage repayments if they were forced to accept less rent.

3. Restriction on rent increases for example rent setting indexed to the consumer price index (CPI). This option involves a rent certainty model whereby rents are linked to CPI. This allows rents to move in line with inflation. However such a cap on rents would be likely to discourage investment in the sector both in current and additional stock.

4. Rent increases restricted to once in any 12 month period and appropriate notice to be given for same.

AFFORDABILITY PROPOSALS FOR CHANGE

Given all the above evidence; the consideration of all of the options; and in order to address the affordability issue in the private rented sector, the Department proposes to:

Introduce legislation to stipulate that rents can only be increased once in any 12 month period.
6. Security of tenure

The Department proposes to:

1. Seek to bring forward legislation to ensure all private tenants are issued with a written agreement which must contain mandatory terms regardless of the type or length of the tenancy.

2. Amend the notice to quit period from four weeks to two months for tenancies lasting longer than 12 months.

3. Seek to introduce legislation for a Fast Track Eviction Scheme which may include mandatory grounds for possession and provide appropriate safeguards to ensure fairness.

6.1 Whether a household sees private rented sector housing as a short-term measure or a longer-term choice, it is important that they have the security which enables them to make a home for themselves and their family.

6.2 The private rental sector has traditionally been regarded as a residual sector in which households, who would prefer either to own their own home access permanent social housing, bide their time on their way to their true tenure choice. In a recent survey carried out by the three Tenancy Deposit Scheme Administrators and Housing Rights on behalf of the Department the main reasons given for living in the private rented sector were:

- the availability of accommodation in a desired area
- inability to secure a mortgage to buy a home
- flexibility of movement

6.3 One of the attractions of the private rented sector is that it provides a flexible housing option. This enables individuals and families to pursue job opportunities or adapt their accommodation to changing family circumstances quickly.
6.4 A well developed private rented sector can reduce a risk of over-reliance on home ownership. Countries such as Germany and Switzerland with large private rental sectors have been better protected against housing booms than those with small rental sectors like Spain and Northern Ireland.

6.5 There are many strands which link to security of tenure and need to be considered alongside it including:
- longer term tenancies
- tenancy agreements
- notice to quit periods
- default tenancy terms
- eviction

**Longer Term Tenancies**

6.6 Tenancies in the private rented sector are either for a fixed term as set out in the tenancy agreement or periodic, normally month to month. Longer term tenancies are a good thing as they provide stability for landlords and tenants and help build sustainable communities. The demographics within the private rented sector are changing and while some renters still require flexibility for moving on, there is also an increasing number, including families with children, looking for longer term security. We are also seeing the emergence of a generation that perceives private renting as a real alternative to property ownership and its attendant costs and liabilities. Many of these young people (known as generation rent) prefer to rent high quality apartments rather than purchasing terraced properties.

6.7 In contrast there are instances of tenants having moved five times within a two - three year period through no fault of their own, with reasons including the landlord wishes to sell the property, the landlord has a family member who needs the property or the rent is increased and the tenant can no longer afford to live there. This can be very disrupting for tenants especially for those with children. They want to settle down in a community, get the children settled in a local school and have family support in a particular area for as long as they desire.

6.8 There are benefits of long term tenancies for both landlords and tenants namely steady income for the landlord and peace of mind for the tenant. However, outcomes from the discussion document and the consultative forum showed there was no appetite to move to a mandatory long term tenancy or an indefinite lease such as is being introduced under the Private Housing (Tenancies) (Scotland) Act 2016 in Scotland.
Options Considered:

1. Do nothing and leave the fixed tenancies and periodic tenancies as they are as landlords and tenants can agree a longer fixed term tenancy if it suits both their needs.

2. Introduce a six month probationary period for both landlords and tenants where a longer term tenancy is being agreed. This allows a landlord to evict an unsuitable tenant or a tenant to change their mind during the first six months.

3. Introduce a 12 month probationary period but with certain grounds for possession. As many buy-to-let mortgages restrict landlords to 12 month tenancy agreements this option would not be feasible.

Tenancy Agreements

6.9 Prior to the introduction of the PTO there was no requirement for a landlord to provide a written tenancy agreement for a tenancy lasting less than a year and a day. The PTO requires a landlord to provide a tenant with a Rent Book and a Statement of Tenancy Terms. While the Statement of Tenancy Terms has helped lay down the main elements of the agreement there is no uniformity and landlords and agents can use various templates of tenancy agreements which in turn has led to confusion for tenants.

Option considered:

1. Do nothing - let landlords and tenants continue to use voluntary tenancy agreements.

2. The Department should seek to bring forward legislation to ensure all private tenants are issued with a written agreement which must contain mandatory terms regardless of the type or length of the tenancy for example similar to requirements in 2011 Caravans Act –“implied terms” (statutory) and “express terms” (additional terms agreed by both landlord and tenant).

Notice to Quit

6.10 A notice to quit is a written notice that must be issued by a landlord or tenant if they wish to bring the tenancy to an end. The Department extended the notice to quit periods in 2011. For tenancies lasting less than five years the notice to quit period remained the same at four weeks written notice but the legislative provisions were amended as follows:

- where the length of the tenancy is more than five years and not more than 10 years - eight weeks’ notice must be given
- where the length of the tenancy is more than 10 years – 12 weeks’ notice must be given
6.11 Evidence from many landlords and agents was that most tenancies end at the request of the tenant and on occasion without the tenant giving the landlord or agent any notice. Some tenants, however, as well as stakeholder representatives wanted the notice to quit period of four weeks extended to eight weeks as they felt four weeks was not long enough to find suitable alternative accommodation, pack up belongings and move to a new property. This requirement would assist with homelessness prevention as the ending of a private tenancy is cited as one of the main reasons given when a person presents as homeless at the Northern Ireland Housing Executive⁴.

Options considered:
1. Do nothing. The notice to quit periods were extended in 2011 and the majority of consultees are content with them.

2. Amend the current notice to quit period from four weeks to two months for tenancies lasting longer than 12 months. This would bring Northern Ireland more in line with the rest of the United Kingdom and assist tenants to find an alternative property.

3. Consider the requirement for a landlord to officially inform tenants in good time that a fixed term tenancy is due to end. Current statutory notice to quit only applies to periodic tenancies.

Default Tenancy Terms
6.12 The PTO states that where the term of the tenancy is not set out in the agreement then the default position is that the tenancy will run for a six month period.

6.13 Tenant representatives are suggesting that the default term is extended to a 12 month period where the term is not specified. However the majority of landlords and agents argue that they will have a tenancy agreement in place specifying the term meaning that this default term will not be used very often.

Options considered:
1. Do nothing leave the default term as six months as the number of tenancies without a specified period are minimal.

2. Amend the default term to 12 months giving the tenant more protection when the landlord or agent has failed to specify a term for the tenancy.

Eviction
6.14 Landlords were very critical of the time and effort it takes for the eviction process

⁴ Northern Ireland Housing Bulletin 1 Jan - 31 March 2016
in Northern Ireland and the associated high costs of legal action which can, on occasions, run to thousands of pounds. There were examples provided of long delays to evict a ‘problem tenant’, with delays as long as 24 months not uncommon. There was also anecdotal evidence that on occasions a landlord would pay a tenant to leave a property as an alternative to going through the court process.

6.15 To begin the eviction process in Northern Ireland the landlord must issue the tenant with a notice to quit. If the tenant refuses to leave the landlord will have to obtain a court order which is subsequently enforceable by the Enforcement of Judgements Office (EJO).

6.16 In England and Wales in certain cases landlords can apply for a court order to evict tenants without the need for a court hearing. This quicker route to eviction is called the accelerated possession procedure. A landlord cannot use the accelerated possession procedure to claim for any rent that is owed. The landlord can only use the accelerated procedure if the tenant has an assured shorthold tenancy and was given a written tenancy agreement when they first moved in. It can also only be used if the landlord has served a valid Section 21 notice (in other words the correct notice to quit) and has protected the tenant’s deposit in an approved scheme. This cuts down the time it takes to get possession of the landlord’s property.

6.17 While it is clear that there are problems and delays with the present system in Northern Ireland it is also important that tenants are protected from harassment and illegal eviction.

Options considered:

1. Do nothing – allow the current established process to continue.

2. The Department will consider introducing a fast track eviction process similar to that in England and Wales. This would speed up the process for landlords and reduce the cost. However, information from colleagues in the Department for Communities and Local Government who have used this process indicates that the process is not always as fast as the name would suggest and one downfall is that there may be some vulnerable tenants left at the mercy of unscrupulous landlords.

3. Aligned to a faster eviction process the Department could introduce criteria which must be met before a landlord can move to evict a tenant under the accelerated procedure. This would put protections in place to safeguard tenants from unscrupulous landlords.
SECURITY OF TENURE PROPOSALS FOR CHANGE

Longer Term Tenancies
No change

Tenancy Agreements
The Department will seek to bring forward legislation to ensure all private tenants are issued with a written agreement which must contain mandatory terms regardless of the type or length of the tenancy.

Notice to Quit
Amend the notice to quit period from four weeks to two months for tenancies lasting longer than 12 months.

Default Tenancy Terms
No change

Eviction
The Department will seek to introduce legislation for a Fast Track Eviction Scheme which may include mandatory grounds for possession and provide appropriate safeguards to ensure fairness.
7. Tenancy Management

The Department proposes to:

1. Review the impact of the CIH training course and explore the funding options for an extension of the course.

2. Fund a pilot dedicated landlord advice line. This would ensure that landlords get advice and information from professionally qualified advisors. They would have a single point of contact for landlords to access information. This in turn would help professionalise the sector.

3. Develop a tenant information pack which a landlord must provide to the tenant at the commencement of the tenancy. This will contain user friendly advice and information. This would detail their roles and responsibilities and what is expected of them as a tenant. This is already a common practice in other jurisdictions.

4. Amend the Landlord Registration Regulations to incorporate a fitness declaration at the point of registration. Sample checks could be carried out by councils on these declarations. Options for meeting the costs of these checks would need to be explored.

5. Introduce a regulatory framework for all letting agents including bringing forward legislation to ban letting agent fees.

7.1 The private rented sector is a diverse sector providing housing solutions for a wide range of different people. Good quality management standards are important to ensure the private rented sector is an attractive place to live and are vital to the well-being of tenants and communities.

7.2 The significant growth in the private rented sector in Northern Ireland combined with the fact that 84% of landlords own one or two properties means that it is perceived as an amateur sector where professional standards and good tenancy management practice are not uniformly applied.
7.3 The three main aspects which contribute to good management standards are:

- the knowledge and skills of landlords
- tenants knowledge of their rights and responsibilities
- regulation in enforcing standards where they fall considerably short of what is expected

Knowledge and skills of landlords

7.4 At present in Northern Ireland a landlord can rent out a property without having to demonstrate any competence, skill or certificate of compliance with best practice.

7.5 A recurring theme at all stages in the discussion period was the necessity for both landlords and tenants to be fully aware of their roles and responsibilities throughout the period of the tenancy agreement. There was much discussion around poor practice by both parties and a general agreement that it would be useful to raise awareness around roles and responsibilities.

7.6 Figures from a small follow up survey to the House Condition Survey 2011 indicated that the majority of landlords provide a decent service and good quality, well-maintained accommodation, with 88% of tenants either very satisfied or fairly satisfied with the services provided by their landlord/agent. However, the results of a more recent survey commissioned by the Department, to which almost 1,200 tenants responded, shows that only 51% of tenants said they were on good terms with their landlord. Evidence from Council environmental health officers, who have responsibility for enforcing private rented sector law, shows that there are a number of landlords who knowingly flout the law, for example are not registered, not protecting deposits, letting out property that is unfit and not adhering to repairing obligations.

7.7 Much reference was made to the provision of information and advice available to tenants. However, at present there is no dedicated advice and information service available for landlords.

7.8 Housing Rights, who receive funding from the Department to provide advice and information for tenants, have reported frequent calls to their help line from landlords. Local councils across all areas also receive calls from landlords seeking advice. This fragmented approach leads to confusion for landlords and no clear point of contact.

7.9 Landlords are reporting increasing numbers of ‘vulnerable’ tenants, including
people with addiction and behavioural issues and they are not always equipped to help them sustain the tenancy and adhere to the tenancy agreement. Help and advice even by way of signposting to appropriate support organisations would be useful for landlords. This is in line with Recommendation 2 from the Department’s Review of the Supporting People Programme.

7.10 When landlords register with the Landlord Registration Scheme they receive a ‘Toolkit’ which provides them with useful information to help them in their role. They also receive a quarterly newsletter from the Department keeping them up to date with any new legislation and providing useful articles relating to the private rented sector.

7.11 From the 2016/17 financial year the Department is providing funding to the Chartered Institute of Housing (CIH) to subsidise a training programme for landlords on a three year pilot basis. Training, which results in a qualification, is delivered in a classroom learning environment with an online version to be rolled out in the near future. All scheduled courses are currently fully subscribed.

7.12 The feedback from the majority of consultees, including landlords who engaged with the Department during the consultation process, on whether a landlord accreditation programme is necessary indicates that mandatory accreditation on its own would do little to improve standards in the private rented sector.

7.13 In England there is currently a voluntary accreditation programme and while generally well received by landlords, its impact has been fairly limited. Evidence indicates that those landlords deemed ‘reputable’ and already compliant are the ones who are willing to participate in the scheme.

Options for change:
1. To introduce a mandatory or voluntary accreditation programme. The benefit of this would be a more professional sector as landlords are trained. However, this would be at a cost to landlords and could only be enforced if it was mandatory.

2. To review the impact of the CIH training course, with a view to the continuation of funding subject to the findings of the evaluation. CIH have revamped their course and have received positive feedback from attendees and are oversubscribed for upcoming courses. The main issue is that attendance on the course is voluntary and they cannot make non-compliant landlords attend.
3. In cases where a landlord is found guilty of a breach of the Private Tenancies Order, they are penalised either by a fine or attendance at a CIH course – similar to some motoring offences. With this system non compliant landlords could be targeted but enforcement could prove difficult.

4. Let landlords continue to use a variety of sources of information such as local councils, Landlords Association of Northern Ireland and Citizens Advice. This is not really a suitable option as landlords could continue to get conflicting advice from different sources with no single point of contact for advice and information.

5. Fund a pilot dedicated landlord advice line. This would ensure that landlords get advice and information from professional qualified advisors or be signposted to the right organisation for advice including help with vulnerable tenants. There would be a single point of contact for landlords to access information leading to less confusion. This in turn would help professionalise the sector. Options for funding this will need to be considered.

Tenant knowledge of rights and responsibilities

7.14 There was a clear message from landlords and their representatives through responses to the discussion document that tenants would benefit from better information and education. Such information could have significant benefit to tenants in clarifying their rights and responsibilities, sustaining tenancies and preventing disputes. Further evidence is the continued and increased demand to the Housing Rights specialist advice line from tenants in the private rented sector.

7.15 The Tenancy Deposit Scheme introduced in April 2013 and the Landlord Registration Scheme introduced at the end of February 2014 provide some reassurance for tenants either living in or proposing to live in the private rented sector. Tenants can check if their landlord is registered and if their deposit has been protected. Any non compliance can be reported to the environmental health department at the local council who in turn can take enforcement action.

7.16 Tenants also have access to advice from Housing Rights who receive core funding from the Department. The majority of calls to their advice line come from private tenants.

7.17 In addition floating support is made available to some tenants in the private rented sector which enables them to sustain their tenancies. Supporting People services provide short-term help through a floating support service which assists vulnerable adults with housing-related support tasks to help them maintain independence in their own home,
regardless of tenure type (typically for up to two years in duration).

7.18 While landlords receive an information pack when they register and have access to training, no such information/training exists for tenants. This all leads to a sector where many tenants are unaware of their rights and responsibilities and only become educated when something goes wrong.

7.19 While the Department has used various means to educate tenants for example the Housing Rights advice line; advice on websites; leaflets distributed by council environmental health officers when they are dealing with complaints; awareness events with students; press releases; and leaflets distributed with rates bills there still appears to be tenants who lack the basic information to help sustain tenancies in the private rented sector.

Options for change

1. To develop a tenant information pack, containing user friendly advice and information which a landlord would be required to provide to all tenants at the commencement of their tenancy. This would detail their roles and responsibilities as a tenant. This is already a common practice in other jurisdictions.

2. To run an advertising campaign to coincide with the launch of a ‘tenant information pack’. Previous advertising campaigns for the Landlord Registration and Tenancy Deposit Schemes were successful in raising awareness and raising levels of compliance e.g. during the period of the advertising campaign for tenancy deposit the number of deposits protected doubled.

Regulation in enforcing standards

7.20 The Private Tenancies (Northern Ireland) Order 2006, the Landlord Registration Scheme Regulations (Northern Ireland) 2014 and the Tenancy Deposit Schemes Regulations (Northern Ireland) 2012 provide the current regulatory framework and set the standards for the sector.

7.21 However, it was made clear from responses to the discussion paper and during meetings with stakeholders that while this regulation is useful there are areas that require clarification. In addition, improvements could be made to provide greater control and to ensure the private rented sector provides a decent standard of accommodation for a growing number of families and individuals who make their home there.

7.22 Evidence held by the Department showed that during 2015/16 there were almost 4,000 cases where councils engaged with landlords in person, by phone or by letter who had not complied with the law, for example not registered, not protected
a tenant’s deposit or whose property did not have a certificate of fitness where required. So while education and awareness can help, something more is needed. Responses from environmental health officers to the discussion document stated that while Landlord Registration has gone some way to improving management standards there are additional measures that could be introduced to strengthen the powers and their role to eliminate bad practice.

7.23 The majority of landlords stated licensing was not needed and would place an additional financial and administrative burden on them. The main concern for landlords was the cost of a licence and the standards associated with obtaining a licence. However, other consultees, professional groups and councils felt that due to the growth in the sector it was necessary that high standards were met and maintained in order to protect tenants.

7.24 There was some discussion on the recent Houses in Multiple Occupation (Northern Ireland) Act 2016 which will require all House in Multiple Occupation landlords to be licensed and many stakeholders felt the need for uniformity and tenant protection across the private rented sector. (The new licensing scheme will be operated by councils with a target date for implementation around April 2018).

Many stakeholders expressed the view that the landlord registration scheme didn’t go far enough to drive behavioural changes in a way that a licensing scheme would.

7.25 Detailed discussions also took place around different types of licensing, what would work best and, if any, the potential for a scheme that could be linked to the Landlord Registration process. It was emphasised that any costs of granting a licence should be kept to a minimum. Comparisons were made with other parts of the United Kingdom where:

- in Wales a blanket licensing scheme for landlords and agents has been introduced
- in England selective licensing is in place in certain areas and all Houses in Multiple Occupation must be licensed
- in Scotland the landlord registration scheme requires a landlord to be a fit and proper person

For further details of what happens in other jurisdictions see paper at Annex E.

7.26 The consultative forum agreed that all options should be considered including an alternative to licensing for example amendments to the Landlord Registration Scheme. Currently landlord registration does not require a landlord to make any declaration about themselves or their property. Of the 260 comments
received from tenants in response to the tenants survey 41 complained about the standard of their accommodation. It was therefore suggested that a landlord at the point of registration could declare that their property meets the current fitness standard. This could be followed up by an inspection programme carried out by councils.

Options for change
1. Do nothing – Continue to use the regulatory framework that exists (Private Tenancies Order (Northern Ireland) 2006, Landlord Registration Regulations 2014 & Tenancy Deposit Scheme Regulations 2012). This will minimise the impact on landlords, however councils say they need extra powers to improve standards in the sector.

2. Amend the Landlord Registration Regulations to incorporate a fitness declaration at the point of registration. The fee for registration could remain the same and the declaration would last for the registration period. Sample checks could be carried out by councils on these declarations. Options for meeting the costs of these checks would need to be explored.

3. Introduce a comprehensive licensing scheme. This would provide uniformity in the sector and lead to higher standards and greater controls. However such a scheme would place a greater financial and administrative burden on landlords and there is a case for evaluating the impact of introducing the Houses in Multiple Occupation Licensing Scheme before considering whether there is a need to roll-out a similar approach across the entire private rented sector.

Letting Agents
7.27 72% of tenants who responded to the Department’s tenants survey deal directly with a letting agent as opposed to the owner of the property, and there were many references to tenant dissatisfaction with the poor service delivered by many letting agents particularly around the fees for various checks.

7.28 Some letting agents in Northern Ireland are affiliated to an accredited body for example National Association of Estate Agents (NAEA), National Federation of Property Professionals (NFPP), ARLA and Royal Institute of Chartered Surveyors (RICS). Apart from the individual codes of practices of these bodies, letting agents and the fees they charge are neither controlled nor regulated.

7.29 Landlords can choose to use the services of an accredited letting agent but tenants often do not have that choice and the fees charged in addition to deposits and rent only serve to increase the costs of private renting.
7.30 The main areas of concern from tenants were the variety of fees charged for:

- completing an application form
- general administration costs
- credit check charges
- tenancy renewal fees
- inventories

7.31 Landlords also had some concerns around the fees they are charged by letting agents and feel that more transparency is needed and some form of control over the charges introduced.

7.32 Northern Ireland has fallen behind other jurisdictions in relation to regulation of letting agents and there was clear consensus on the need for some form of regulation here which will serve to protect both tenants and landlords.

7.33 In Scotland it has been illegal to charge ‘premiums’ (fees charged at the outset of a tenancy, in addition to rent and a deposit) to renters since 1984. However, the law wasn’t enforced and was flouted by many agencies until 2012, when it was clarified. Shelter Scotland’s ‘Reclaim your fees’ campaign gave many tenants the confidence they needed to ask for the return of fees previously charged by their letting agent, while also prompting agents in Scotland to adhere to the law for future lettings.

7.34 A recent House of Commons debate on letting agent fees (3 May 2016) called for the Government to consider five things to ensure further protection for those who are renting. These were:

- cap letting agent fees
- set standards for what can and cannot be charged for
- end the practice of charging for tenancy renewal
- have tougher penalties for not displaying fees
- raise awareness about fees so tenants are more aware of charges

7.35 The response from the United Kingdom Government was that it did not feel a cap on letting agent fees is the right answer. The requirement on letting agents to publicise their fees was introduced in October 2015 and was to be reviewed after 12 months in operation. The United Kingdom Government think this is a sensible approach, and allows the new system to bed in.

**Options for change**

1. To introduce a regulatory framework for all letting agents including bringing forward legislation to ban all letting agent fees for tenants. This would prevent letting agents from exploiting tenants
and landlords would have confidence that their properties were being managed by competent letting agents.

2. To require all letting agents to be a member of an approved body such as ARLA, NAEA, RICS. By signing up to an approved body the letting agent would have standards to adhere to, client funds would be protected, there would be a complaints process built in and it would provide transparency on fees. However, the Department has no control over such approved bodies and each one may have a different code of practice, or set of standards. This could prove problematic if there was no consistency.

The Department for the Economy currently have a role to play in terms of unfair contract terms/practices and so the Department will work closely with colleagues there on any proposals for change.

Tenancy management proposals for change
Given all the above evidence; the consideration of all of the options; and in order to improve tenancy management practice the Department proposes to:

Knowledge and Skills of Landlords
1. Review the impact of the CIH training course and explore the funding options for an extension of the course.

2. Fund a pilot dedicated landlord advice line. This would ensure that landlords get advice and information from professionally qualified advisors. They would have a single point of contact for landlords to access information. This in turn would help professionalise the sector.

Tenants Knowledge of their Rights and Responsibilities
3. Develop a tenant information pack which a landlord must provide to the tenant at the commencement of the tenancy. This will contain user friendly advice and information. This would detail their roles and responsibilities and what is expected of them as a tenant. This is already a common practice in other jurisdictions.

Regulation in Enforcing Standards
4. Amend the Landlord Registration Regulations to incorporate a fitness declaration at the point of registration. Sample checks could be carried out by councils on these declarations. Options for meeting the costs of these checks would need to be explored.

5. Introduce a regulatory framework for all letting agents including bringing forward legislation to ban letting agent fees.
8. Property Standards

The Department proposes to:

1. Introduce legislation as soon as practicable to make it a mandatory requirement for private landlords to provide smoke and carbon monoxide detectors and to carry out periodic electrical checks.

2. Introduce legislation around Energy Performance Certificate (EPC) ratings similar to that in England. Consideration should be given to exempting certain types of property where the costs of making sufficient energy efficiency improvements would be prohibitive.

3. Amend legislation so that all unfit properties built before 1956 are subject to rent control.

8.1 The current housing fitness standard in place in Northern Ireland, is the statutory minimum physical standard which focuses on the most basic structural standards for human habitation, and applies to all tenures. It was last updated in 1992 and the Department is currently carrying out a separate review of that fitness standard.

8.2 Council environmental health officers have direct responsibility for the fitness enforcement process in respect of the private rented dwellings. They also carry out fitness inspections in respect of other tenures at the request of the Housing Executive.

8.3 While awaiting the outcome of this fundamental review of the fitness standard, the review of the private rented sector focused on specific aspects of standards in private rental properties, which, if taken forward, could introduce an improvement in safety and comfort in the medium term.

8.4 While there has been a recurring complaint from private tenants throughout the review on the completion of repairs by landlords, the 2011 House Condition Survey shows that only 2% of all houses in the private rented sector do not meet the current fitness standard.
8.5 The Housing Fitness Standard has faced similar criticism to that faced in the rest of the United Kingdom, namely that it does not cover areas such as thermal comfort, fire safety, electrical safety and the prevention of falls. Introducing such measures as fire and electrical safety standards would enable Northern Ireland to keep up with other parts of the United Kingdom who have introduced legislation which offers greater protection to tenants.

Safety Measures

8.6 In Scotland as part of their repairing standard, properties must have a satisfactory way of detecting fires and for giving warning in the event of a fire or suspected fire. The property must also have satisfactory provision for giving warning if carbon monoxide is present in a concentration that is hazardous to health.

8.7 In October 2015 new legislation was introduced in England to mandate the installation and maintenance of smoke and carbon monoxide detectors on every floor of a private rented property and to have them tested at the start of every tenancy. (The Smoke and Carbon Monoxide Alarm (England) Regulations 2015).

8.8 As well as detectors, assurance that electrical installations and appliances are safe is also a concern for both tenants and landlords. Electrical Safety First is a United Kingdom charity dedicated to reducing deaths and injuries caused by electrical accidents. The organisation has successfully lobbied the Scottish Government for the introduction of mandatory five-yearly safety checks of electrical installations in the private rented sector, and would like to see a similar requirement introduced in Northern Ireland.

8.9 There was unanimous agreement from responses to the discussion document that all private landlords operating in Northern Ireland should be required to:

- provide a smoke alarm and carbon monoxide detector in all private rented sector properties
- conduct periodic electrical safety checks

8.10 This would help ensure a level of parity for private renters here. From the landlord’s perspective it can also enhance the maintenance and insurance of their assets.
Options for change:
1. Do nothing and await the outcome of the fitness standard review.
2. Consider introducing legislation to make it a requirement for all private landlords to install smoke alarms and carbon monoxide detectors and to carry out regular electrical safety checks.

Fuel Poverty
8.11 The 2011 House Condition Survey estimated that 42% of households in Northern Ireland were living in fuel poverty, and the tenure with the highest proportion of fuel poverty was the private rented sector. Almost 50% of private tenants have to spend more than 10% of their income on energy costs. The benefits to physical and mental well being from living in a warm home which is free from damp have been well documented.

Energy Efficiency
8.12 At present a private landlord must provide all new tenants with an energy performance certificate (EPC), which has been issued by an accredited assessor. There is no requirement for the property to have a specific EPC rating before it can be rented. From 2018 in England and Wales, landlords will be prevented from commencing a new lease where the EPC of that dwelling is an ‘F’ or ‘G’ rating. There are a number of exemptions which will mean that landlords can avoid the requirement for certain properties. But by 2020 all other existing tenancies must secure an EPC of E or above unless work has been carried out to prove a property is exempt. While the issue of poor energy efficiency was discussed there were concerns from landlords in relation to the potential financial implications of a mandatory EPC rating, particularly for older homes of solid wall construction where the costs of improving energy efficiency significantly can run into many thousands of pounds. The idea presented was that grant funding should be made available if a mandatory EPC rating was brought forward.

8.13 There is limited assistance currently available to landlords to make their properties more energy efficient. The Department’s domestic energy efficiency programme, the Affordable Warmth Scheme was introduced in September 2014. This is a targeted, area based approach to help those who live in severe fuel poverty. If the private tenant of a property meets the eligibility criteria for the scheme the landlord can receive 50% grant funding towards the cost of energy efficiency measures.

Options for change:
1. Do nothing - so while all new tenants must be given an EPC at the beginning of the tenancy the property can be let regardless of the rating.
2. Consider making it a requirement that only properties above a certain rating can be let. If this is to be taken forward then a cost benefit analysis and regulatory impact assessment would need to be carried out and consideration given to exempting certain types of property where the costs of making sufficient energy efficiency improvements would be prohibitive.

Rent Control for Unfit Properties

8.14 Landlords felt that the introduction of any form of rent control, over and above the controls that currently exist for specified properties, would be detrimental to the sector and would serve only to reduce investment in the sector at a time when it is needed. Conversely, other stakeholders believe that rent control should apply to all unfit properties regardless of when they were built because all tenants should be afforded the right to live in a property that meets a minimum fitness level.

8.15 The PTO makes provision that all properties built before 1956 should be subject to rent control (Rent Restriction law dictated that all houses erected after 6 November 1956 were excluded from rent control). When the PTO came into operation in 2007 a decision was taken to make subordinate legislation to move the 1956 date to 1945 to prioritise the properties in the poorest condition. Currently rent control only applies to pre 1945 properties where a tenancy started after April 2007 and there is no certificate of fitness (subject to certain exemptions). A reduced rent is determined for these properties by the Rent Officer for Northern Ireland and stays in place until the property is made fit. It was intended that as time progressed this date would be reviewed. Since 2007, of the 512 pre 1945 properties which were unfit and had their rent controlled 326 were subsequently made fit. Rent control can therefore help improve standards but again it is only effective where a landlord can afford to bring the property up to the statutory fitness standard. (This paragraph should be read in conjunction with paragraph 7.26 re: declaration of fitness attached to landlord registration process).

Options for change:

1. Do nothing - so rent control only applies to pre 1945 properties which are unfit.

2. Consider rent control for all unfit private rented sector properties. As well as resource implications for landlords this would have resource implications for council environmental health officers responsible for fitness inspections and possibly the Rent Officer for Northern Ireland if properties are found to be unfit.
3. Consider moving the date for unfit properties subject to rent control back to 1956 as originally included in the PTO.

Property standards proposals for Change
Given all the above evidence, the consideration of all the options and in order to improve property standards (in advance of the outcome of the review of the fitness standard) the Department proposes to:

1. Introduce legislation as soon as practicable to make it a mandatory requirement for private landlords to provide smoke and carbon monoxide detectors and to carry out periodic electrical checks.

2. Introduce legislation around EPC ratings similar to that in England. Consideration should be given to exempting certain types of property where the costs of making sufficient energy efficiency improvements would be prohibitive.

3. Amend legislation so that all unfit properties built before 1956 are subject to rent control.
9. Dispute Resolution

The Department proposes to:
Examine the financial case for establishing an independent housing panel for Northern Ireland.

9.1 Disputes inevitably arise in any contractual relationship. The key issue is how these are handled. It is clear that, in some circumstances, disputes and disagreements in the private rented sector can sometimes lead to unnecessary court action, homelessness and, even, retaliatory evictions. Like many situations, early intervention and advice can help prevent the escalation of disputes. Without third party help many tenancies will end or landlord-tenant relationships will deteriorate.

9.2 During the consultation period there was much discussion around the different ways of dealing with disputes. In other jurisdictions disputes are dealt with by some form of housing panel. Scotland has the Private Rented Housing Panel (PRHP) which is funded by the Scottish Government. The PRHP deals with three main private residential issues:

1. determining referrals from tenants concerning the landlord's duty to meet the repairing standard under the Housing (Scotland) Act 2006
2. objections to Fair Rents fixed by Rent Officers for regulated tenancies under the Rent (Scotland) Act 1984
3. determining market rents for short assured tenancies and terms and/or market rents for statutory assured tenancies under the Housing (Scotland) Act 1988

9.3 As a tribunal, the objective of the PRHP is to resolve disputes between private tenants and landlords by providing informal and flexible proceedings.

9.4 The Republic of Ireland has the Residential Tenancies Board (RTB) which is financed by registration fees paid by
landlords. The main functions of the RTB are:

- maintaining a register of private residential tenancies and tenancies of approved housing bodies
- providing a dispute resolution service for tenants and landlords (including approved housing bodies)
- carrying out research into the private rented sector

9.5 The only form of dispute resolution which currently exists for the private rented sector in Northern Ireland is the Tenancy Deposit Scheme dispute resolution mechanism. This takes some pressure off council environmental health officers who are often called upon to intervene when a landlord and tenant disagrees over the return of the deposit. Before the introduction of the Tenancy Deposit Scheme dispute resolution mechanism most disputes would have been about the return of the deposit. Comments from tenant representatives suggest that most disputes now are around getting repairs carried out, rent arrears and eviction.

9.6 Landlords and tenants agreed on the benefits of setting up a housing panel in Northern Ireland with many who felt it would greatly enhance the sector. The aim of such a panel would be to settle disputes between landlords and tenants and engage in mediation. This would be a quicker, less costly process than taking court action. As in other jurisdictions, any decisions and judgements made by the panel would have to be binding. Greater consideration would need to be given to the role and potential make up of such a panel. This approach could also help address court case waiting times.

Options considered:

1. Do nothing – Leave landlords and tenants to deal with disputes with the help of council environmental health officers who are responsible for enforcing the law or via the small claims court. This is not ideal as it is time consuming and complex. Also there are costs associated with going to court for both parties.

2. The Department should examine the financial case for an independent housing panel for Northern Ireland.

Dispute resolution proposals for change
The Department will examine the financial case for establishing an independent housing panel for Northern Ireland.
Summary of all proposals for change

SUPPLY
1. Commission work to gauge the appetite of institutional investors with existing portfolios of private rented sector properties in Great Britain to invest in Northern Ireland and the conditions needed to support such investment.

2. Explore opportunities to use money available for shared housing through the Fresh Start agreement to incentivise the development of more mixed-tenure housing areas, including private rented accommodation, underpinned by a shared ethos.

3. Scope the opportunities with housing associations for greater involvement in the private rented sector.

AFFORDABILITY
To introduce legislation to stipulate that rents can only be increased once in any 12 month period.

SECURITY OF TENURE
Tenancy Agreements
The Department will seek to bring forward legislation to ensure all private tenants are issued with a written agreement which must contain mandatory terms regardless of the type or length of the tenancy.

Notice to Quit
Amend the notice to quit period from four weeks to two months for tenancies lasting longer than 12 months.

Eviction
The Department will seek to introduce legislation for a Fast Track Eviction Scheme which may include mandatory grounds for possession and provide appropriate safeguards to ensure fairness.

TENANCY MANAGEMENT
Knowledge and Skills of Landlords

1. To review the impact of the CIH training course and explore the funding options for an extension of the course.

2. The Department will fund a pilot dedicated landlord advice line. This would ensure that landlords get advice and information from professionally qualified advisors. They would have a single point of contact for landlords to access information. This in turn would help professionalise the sector.
Tenants Knowledge of their Rights and Responsibilities

To develop a tenant information pack which a landlord must provide to the tenant at the commencement of the tenancy. This will contain user friendly advice and information. This would detail their roles and responsibilities and what is expected of them as a tenant. This is already a common practice in other jurisdictions.

Regulation in Enforcing Standards

1. Amend the Landlord Registration Regulations to incorporate a fitness declaration at the point of registration. Sample checks could be carried out by councils on these declarations. Options for meeting the costs of these checks would need to be explored.

2. To introduce a regulatory framework for all letting agents including bringing forward legislation to ban letting agent fees.

PROPERTY STANDARDS

1. To introduce legislation as soon as practicable to make it a mandatory requirement for private landlords to provide smoke and carbon monoxide detectors and to carry out periodic electrical checks.

2. To introduce legislation around EPC ratings similar to that in England. Consideration should be given to exempting certain types of property where the costs of making sufficient energy efficiency improvements would be prohibitive.

3. Amend legislation so that all unfit properties built before 1956 are subject to rent control.

DISPUTE RESOLUTION

The Department will examine the financial case for establishing an independent housing panel for Northern Ireland.
2006 Private tenancies order proposals for change

<table>
<thead>
<tr>
<th>PROPOSALS</th>
</tr>
</thead>
</table>
| **Tenant to be provided with a rent book**
  Amend Article 5 to make it a requirement for a landlord to inform a tenant if there is a variation to the contents of the rent book. |
| **Tenant to be provided with a rent book which must contain certain specified information.**
  Amend Article 5(4) to add an offence if the landlord under a private tenancy fails to provide the written information relating to the tenancy that may be prescribed. |
| **Notice of Unfitness / Disrepair**
  Amend Articles 18(4) (notice of unfitness) and 19(4) (Notice of Disrepair) of the PTO to specify a period of less than 21 days to require a person to carry out work where there is imminent danger. |
| **Functions of the appropriate district council**
  Create an offence similar to that in Article 28 for Article 36 if a person obstructs an authorised officer of the council from entering the property. |
| **Prosecution of Offences**
  Article 68(3) – change “councils may” to “councils shall” so rather than enabling make it a requirement. |
| **Private Tenancies (Forms) Regulations (Northern Ireland) 2007 Schedule 2 Form 1**
  Include a requirement for landlords to provide electrical certification as part of application for fitness certificate. |
### ANNEX B

**Tenancy deposit proposals for change**

<table>
<thead>
<tr>
<th><strong>Retrospective Protection</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The current scheme only requires deposits taken on or after 1 April 2013 to be protected. The Department recommends that retrospective protection be introduced so all private rented deposits will be protected irrespective of the date the tenancy started. This will mean that all tenants will benefit from the protection the Scheme brings and will have access to the dispute resolution mechanism.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Time limit for deposit protection</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current legislation states a deposit must be protected in an approved scheme within 14 days of receipt. The Department will amend legislation to allow landlords additional time to protect the deposit so landlords will have 28 days to protect the deposit and give the required information to the tenant.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Prosecution Time Bar</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Offences under the Tenancy Deposit Scheme cannot be prosecuted through the courts after six months. The Department will amend legislation so that the time limitation will not be a barrier to enforcement.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Fixed Penalties</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently any monies paid as a result of fixed penalties (up to three times the amount of the deposit) is paid to councils The Department will seek to amend legislation to allow part of the penalty to be paid to the tenant.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Court Decisions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently a judge can issue a fine of up to £20,000 and there is no obligation for any monies to be returned to the tenant and the landlord is not ordered to protect the deposit in an approved Tenancy Deposit Scheme unlike Article 65A (7) where a court must order a landlord to register. The Department will seek to change the legislation.</td>
</tr>
</tbody>
</table>
Monies in designated accounts
The Department will explore the feasibility of allowing scheme administrators to use monies in designated accounts to work with Housing Associations to invest in affordable housing.

Proactive approach by Council Environmental Health Officers
The Department will take action to encourage all councils to be more proactive and use the legislative powers available to them to prosecute for non compliance.

Correspondence address
Amend para 1(d) of Schedule 1 to the Tenancy Deposit Scheme Regulations (Northern Ireland) 2012 to change “Northern Ireland” to “United Kingdom.”

Transfer between schemes
Amend Regulation 14 to insert a timeframe for transfer of a deposit and protection between schemes.
ANNEX C

Landlord registration proposals for change

**RECOMMENDATIONS**

**Registration Fee**
The Landlord Registration Scheme fee to be re-examined at registration renewal to decide if it should be:

Option 1: Reduced to cover the actual running costs of scheme

Option 2: Maintained at the current rate and used to cover both the running cost of the scheme and to fund any potential recommendations in relation to landlords coming out of the review of the Private Rented Sector

**Enforcement**
Liaise with councils to improve enforcement processes to ensure all landlords are complying with the law and registering.

**Accountability**
To advise landlords twice yearly explaining how the registration fee is used.

**Renewal Process**
Examine the possibility of making the renewal process fully electronic by removing the clerical application facility at renewal.

**Correspondence address**
Amend para 1(e) of Schedule 1 to the Landlord Registration Scheme Regulations (Northern Ireland) 2014 to change “Northern Ireland” to “United Kingdom”.
### Percentage of Earnings used for rent

<table>
<thead>
<tr>
<th>COUNCIL</th>
<th>MEDIAN GROSS WEEKLY EARNINGS 2015</th>
<th>GROSS MONTHLY EARNINGS</th>
<th>AVERAGE MONTHLY RENT</th>
<th>PERCENTAGE OF EARNINGS USED FOR RENT</th>
<th>NUMBER OF PROPERTIES PER COUNCIL AREA</th>
<th>NUMBER OF LANDLORDS REGISTERED PER COUNCIL AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antrim &amp; Newtownabbey</td>
<td>379.00</td>
<td>1642.33</td>
<td>514.00</td>
<td>31%</td>
<td>6662</td>
<td>3340</td>
</tr>
<tr>
<td>Ards &amp; North Down</td>
<td>327.00</td>
<td>1417.00</td>
<td>580.00</td>
<td>41%</td>
<td>8437</td>
<td>4833</td>
</tr>
<tr>
<td>Armagh, Banbridge &amp; Craigavon</td>
<td>348.00</td>
<td>1508.00</td>
<td>471.00</td>
<td>31%</td>
<td>11208</td>
<td>4898</td>
</tr>
<tr>
<td>Belfast City Council</td>
<td>453.00</td>
<td>1963.00</td>
<td>594.00</td>
<td>30%</td>
<td>27638</td>
<td>6643</td>
</tr>
<tr>
<td>Causeway Coast &amp; Glens</td>
<td>295.00</td>
<td>1278.33</td>
<td>486.00</td>
<td>38%</td>
<td>8286</td>
<td>3671</td>
</tr>
<tr>
<td>Derry &amp; Strabane</td>
<td>369.00</td>
<td>1599.00</td>
<td>493.00</td>
<td>31%</td>
<td>7674</td>
<td>2831</td>
</tr>
<tr>
<td>Fermanagh &amp; Omagh</td>
<td>342.00</td>
<td>1482.00</td>
<td>435.00</td>
<td>29%</td>
<td>5421</td>
<td>2866</td>
</tr>
<tr>
<td>Council</td>
<td>Median Gross Weekly Earnings 2015</td>
<td>Gross Monthly Earnings</td>
<td>Average Monthly Rent$</td>
<td>Percentage of Earnings Used for Rent</td>
<td>Number of Properties Per Council Area</td>
<td>Number of Landlords Registered Per Council Area</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td>Lisburn &amp; Castlereagh</td>
<td>370.00</td>
<td>1603.33</td>
<td>578.00</td>
<td>36%</td>
<td>5422</td>
<td>4141</td>
</tr>
<tr>
<td>Mid &amp; East Antrim</td>
<td>360.00</td>
<td>1560.00</td>
<td>486.00</td>
<td>31%</td>
<td>7950</td>
<td>3782</td>
</tr>
<tr>
<td>Mid Ulster</td>
<td>363.00</td>
<td>1573.00</td>
<td>493.00</td>
<td>31%</td>
<td>5960</td>
<td>3527</td>
</tr>
<tr>
<td>Newry, Mourne &amp; Down</td>
<td>347.00</td>
<td>1503.66</td>
<td>500.00</td>
<td>33%</td>
<td>7631</td>
<td>4552</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>382.50</td>
<td>1657.50</td>
<td>553.00</td>
<td>33%</td>
<td>102298 (excludes 350 unallocated properties)</td>
<td>45084 (excludes 2307 landlords not allocated to council area)</td>
</tr>
</tbody>
</table>

5 NISRA Key Statistics Median Gross Earnings April 2015  
7 Landlord Registrar Database  
8 Landlord Registrar Database
Regulation of the private rented sector. Comparative perspectives (United Kingdom, Republic of Ireland, Germany, Northern Ireland)

GERMANY

The Private Rented Sector in Germany represents a major contrast with the situation in most countries. There is not the same focus on home ownership that characterises housing policy in the UK and private renting is not seen as an inferior housing tenure. Individual private landlords dominate the German Private Rented Sector, as in the United Kingdom.

Unlike many other countries the Private Rented Sector accounts for as much of the housing stock as owner occupation. Its market share has neither increased or decreased to any significant extent over the past decade or two. Private landlords have not been disadvantaged by housing policy any more than social housing landlords or homeowners. The Private Rented Sector caters for a wide range of people and offers a wide range of dwelling types and rent levels.

Security of Tenure

Due to open-ended tenancies and a very strong security of tenure private renting in Germany can provide long-term and even lifetime accommodation for German households. At the same time, contracts that allow tenants to give much shorter notice-to-quit periods than landlords, give renters who wish to move on the freedom to do so. Landlords have no general right to cancel an open-ended rental contract. An ordinary notice of termination of this (most common) type of rental contract is only permitted if the landlord can provide proof of a ‘legitimate interest’ in the termination (for example, breach of contract obligations). The judge in an eviction trial has to balance the competing interests of landlord and tenant and so the disposability of rental property is substantially constrained by the tenant protection provisions. This is one of the reasons why households have less reason to buy their home than for example in the United Kingdom.

9 Private Rental Housing Comparative Perspectives: Tony Crook, Peter A. Kemp 2014
Rent Reviews
Rents are freely negotiable when properties are let, providing they do not exceed the average local rent by 10%. Landlords have a legal right to raise the contractual rent up to the level that is regarded as ‘normal’ in the community. Germany sets out that rent increases should be in line with market rents; however it sets out that for rental units whose rent is significantly below the average market rent, rent increases must not be greater than 20% over a three year period and in areas of housing shortages this limit has been reduced to 15%.

Standards
The relevant Lander (State) in Germany set out some basic minimum requirements in order for a dwelling to be called housing.10 However, since tenancy law is characterised by freedom of contract, even dwellings not fulfilling the minimum standard are considered contract-compliant if these conditions were explicitly agreed on by the tenant. However, both private and professional landlords are known to keep the housing stock in good shape, with small private landlords considered to do the best job in this regard. Usually landlords are responsible for maintaining standards and repairing damages caused by normal wear and tear throughout the term of a tenancy. In Germany however a landlord will often insert a clause in contracts obligating renters to conduct decorative repairs during the course of the tenancy.

Disputes Resolution Process
Some areas in Germany have set up mediation centres in an effort to avoid involving courts. The length of time to resolve a dispute varies from four - eight months. Where no agreement is reached between the parties, the courts are the next port of call. Germany relies heavily on the court system to settle disputes.

Registration/licensing requirements
It is not obligatory for landlords to register a tenancy agreement although in Germany, landlords must register property rights on the land register.

10 Future of the Private Rented Sector Final Report: DKM Economic Consultants 2014
ENGLAND

The private rented sector (PRS) has expanded rapidly in recent years. In 2011-12 the sector took over from the social renting sector to become the second largest tenure behind owner occupation. The sector remains a cottage industry. The Department for Communities and Local Government (DCLG) Private Landlords Survey 2010 showed that 89% of landlords in England are private individuals rather than companies or organisations, 92% of landlords are part-time, and just 2% of landlords have a portfolio of more than 10 properties. In 2014-15, 19% (4.3 million) of households were renting privately.\textsuperscript{11}

Security of Tenure

There are two main types of tenancy in England. Firstly, the Assured shorthold private tenancy: This type of tenancy is where the landlord can regain possession of the property six months after the beginning of the tenancy, as long as they provide the tenant with two months’ notice. Secondly, there is the Assured private tenancy: This type of tenancy is where the tenant has the right to remain in the property unless the landlord can prove they have grounds for possession. The landlord does not have an automatic right to repossess the property when the tenancy comes to an end.

The security of tenure available from private landlords, usually of just six or twelve months, is inadequate for families and those shut out of owner-occupation and social housing who are increasingly having to make their home in the private rented sector. The Government’s response to the subject of ‘Longer Tenancies’ in the Communities and Local Government Select Committee Report: The Private Rented Sector 2013 – was that they would enhance their work with other agencies to promote awareness of the availability of longer tenancies to both landlords and tenants. The package included a Tenant’s Charter, and a model tenancy agreement developed with the sector which they hoped would set out the rights and responsibilities of tenants and landlords and provide the rental market with an industry benchmark for written tenancy agreements. The ‘how to rent’ checklist was published in June 2014 and the Model Agreement for a shorthold assured tenancy and accompanying guidance was published in September 2014. This model tenancy agreement has been designed by the government for use when the landlord and tenant are entering into a shorthold assured tenancy agreement in the private rented sector. It is particularly relevant for use when the

\textsuperscript{11} English Housing Survey (Headline Report) 2014-15
when the parties are entering into a longer term tenancy of two or more years. It contains provisions relating to rent reviews and those which enable the landlord or the tenant to end the tenancy during the fixed term if their circumstances change. The government also expected that the entry into the market of institutional investors, would lead to longer tenancies for example Genesis Stratford Halo Development has offered tenants up to five year agreements (the average duration chosen by tenants was three years).

**Rent Reviews**
Rent must be fair and realistic and in line with local rents. If the tenant deems the rent to be unfair, it can be referred to the Rent assessment committee. However, this is only applicable to those with an assured tenancy, or during the initial six/12 months of an Assured Shorthold Tenancy. In practice as the vast majority of private tenants have Assured Shorthold Tenancies, rents are essentially unregulated. Landlords are obliged to give a minimum of one months’ notice of any rent increase if rent is paid weekly or six months’ notice if the tenancy is yearly. Rent increases are limited to once every 12 months for periodic tenancies whereas for fixed term tenancies, rent increases can only occur if agreed by the tenant or at the end of the fixed term.

**Standards**
According to the latest English Housing Survey Headline report 2014-15 the private rented sector had the highest proportion of non-decent homes (29%). Some 9% of private rented dwellings had some type of damp problem, compared with 5% of social rented dwellings, and 3% of owner occupied dwellings. Also in 2014 the private rented sector had the lowest proportion of homes with central heating (85%). The private rented sector had the lowest proportion of solid walls with insulation (6%). In October 2015, new legislation was introduced in England to mandate the installation and maintenance of smoke and carbon monoxide detectors. Also from April 2018 in England and Wales landlords will be prevented from commencing a new lease/tenancy where the EPC of the dwelling is an ‘F’ or ‘G’.
Dispute Resolution Process
Generally disputes between tenants and landlords, are adjudicated on by a Tribunal although minor issues can be resolved by a Housing Ombudsman. The length of time it takes for a dispute in England to be resolved varies by the type of dispute in question. Landlords are required to protect tenants’ deposits via a Tenancy Deposit Scheme. There are a number of schemes available but all offer some form of dispute resolution service, where there are problems which specifically relate to the return of a tenant’s security deposit. More generally for issues around property standards, tenants can also complain to their local council who have some powers to carry out inspections, issue improvement notices.

Registration/Licensing requirements
There is no requirement for a landlord to register a tenancy agreement in England although the landlord must register the tenant for local council tax. The government believes that a national licensing scheme would be too inflexible and would push up regulatory costs for landlords and ultimately increase rents and reduce choice for tenants. 12 Mandatory licensing already applies to large houses in multiple occupation, and subject to certain conditions, local authorities have the freedom to introduce further licensing in their area, in the form of selective licensing schemes.

12 Government Response to the Communities and Local Government Select Committee Report: The Private Rented Sector October 2013
SCOTLAND

In Scotland, the private rented sector has more than doubled, from 115,000 dwellings (5% of all homes) in 1999, to 267,000 (11% of all homes) in 2011 and latest figures taken from the Scottish Household Survey show 14% of households living in the Private Rented Sector. It is a diverse sector with a broad customer base, highlighting its role in meeting a wide range of housing need and demand. It is recognised as providing a good housing option for those requiring flexibility in terms of employment, for students and for those setting up homes for the first time. However, in recent years, the sector has also become a housing option for those seeking longer-term accommodation.13

In the post-credit-crunch era, the PRS is likely to continue to provide homes for young people in the longer term. The proportion of the 16-34 age group within the PRS in Scotland has expanded rapidly - from 13% in 1999 to 34% in 2011 - while owner occupation for this age group has decreased from 53% to 40% over the same period.

Assuming that current market conditions persist, the PRS is likely to become the main tenure for this age group. This has led many commentators to coin the phrase ‘Generation Rent’, young people trying to save for a deposit in difficult economic times to get on the property-owning housing ladder. This is likely to have a significant social impact for this generation. The PRS now provides a home for 13% of all households with children in Scotland. The proportion of PRS households with children has risen from 20% in 1999 to 27% in 2011, with an estimated 72,000 households in the sector now with children. (A place to stay; A place to call home: A Strategy for the Private Rented Sector in Scotland).

Security of Tenure

In Scotland the Short Assured and Assured Tenancies, currently used for most PRS tenants, were developed in the 1980s. The Private Tenancies Bill which received Royal Assent on 22 April 2016 will replace these with a Private Residential Tenancy (PRT) for all future PRS lets, which should be much clearer and simpler to use. This new tenancy represents a significant change in private renting, aiming to offer better predictability and security to the 700,000 tenants who call it home and creating a tenancy which is fit for the modern PRS in all respects.

13 A Place to Stay, A Place to Call Home: A Strategy for the Private Rented Sector in Scotland: May 2013
In regard to offering security, private rented tenancies will be open-ended so landlords will not be able to evict a tenant simply because their tenancy agreement has reached its end date (otherwise known as the ‘no-fault’ ground). To bring a tenancy to an end, the tenant must give notice or the landlord will have to use new, modernised grounds for repossession, which cover all the reasonable circumstances under which a landlord may wish to regain possession of a property. Landlords will still be able to actively manage their properties, where issues such as antisocial behaviour occur. This improved security of tenure is intended to help tenants to feel more settled in their homes and more engaged in their communities. It will also enable them to exercise their rights, where this is necessary, without fear of arbitrary eviction.

Rent Reviews
The Private Tenancies Bill will also provide clarity and predictability in rent increases and protect tenants against excessive rent rises. To provide predictability, rents can only be increased once a year, with three months’ notice, designed so tenants have advance notice of changes to enable them to budget accordingly. Tenants will also be able to seek adjudication from Rent Service Scotland for unjustified rent rises that takes their rent beyond the open market rate.

Where local authorities are concerned that rent increases are causing hardship to tenants in a particular area and having a detrimental effect on the broader housing system, the Bill also provides a power for Ministers to designate a Rent Pressure Zone. Local authorities will be able to apply to Ministers to have an area designated, which will limit the amount that rents can be increased for sitting PRS tenants for a period of up to five years.

Standards
The Repairing Standard, contained in the Housing (Scotland) Act 2006, covers the legal and contractual obligations of private landlords to ensure that a property meets a minimum physical standard. Landlords must carry out a pre-tenancy check of their property to identify work required to meet the Repairing Standard (described below) and notify tenants of any such work. Landlords also have a duty to repair and maintain their property from the tenancy start date and throughout the tenancy. This includes a duty to make good any damage caused by doing this work. On becoming aware of a defect, landlords must complete the work within a reasonable time.
A privately rented property must meet the Repairing Standard as follows:

- the property must be wind and water tight and in all other respects reasonably fit for people to live in
- the structure and exterior (including drains, gutters and external pipes) must be in a reasonable state of repair and in proper working order
- installations for supplying water, gas and electricity and for sanitation, space heating and heating water must be in a reasonable state of repair and in proper working order
- any fixtures, fittings and appliances that the landlord provides under the tenancy must be in a reasonable state of repair and in proper working order
- any furnishings that the landlord provides under the tenancy must be capable of being used safely for the purpose for which they are designed
- the property must have a satisfactory way of detecting fires and for giving warning in the event of a fire or suspected fire
- the property must have satisfactory provision for giving warning if carbon monoxide is present in a concentration that is hazardous to health

If, after a landlord has been notified of any problem, it is not attended to satisfactorily or if there is disagreement about whether or not there is a problem, then tenants have the right to refer the matter to the Private Rented Housing Panel (PRHP). The PRHP has power to require a landlord to carry out work necessary to meet the standard.
Disputes Resolution Process
The PRHP is a Tribunal operating in Scotland with support from the Scottish Courts and Tribunals Service. The PRHP have duties under several jurisdictions relating to the private rented housing market in Scotland. The PRHP aims to make the process of making or responding to an application simple and straightforward. Making an application is free and much quicker and easier than going to court. Each jurisdiction that the PRHP operates can offer different methods to reach a decision on the application. Applications can be made regarding rent determination, repairs or right of entry.

Registration/licensing requirements
Under Part 8 of the Anti-social Behaviour etc. (Scotland) Act 2004, private landlords must apply for registration with their local authority. The local authority must be satisfied that they are fit and proper persons to let property, before registering them.

The owner of a House in Multiple Occupation must have a licence from the local authority where the property is situated. The accommodation must be licensed regardless of the type of owner for example private individual or registered social landlord.
Over the last decade, the private rented sector has grown both in absolute numbers and proportionately mostly at the expense of owner occupation levels. If trends continue, the private rented sector will become the second most used accommodation type, after home ownership; it is anticipated to reach 20% of the total stock by 2020. The private rented sector is diverse, providing homes to a wide variety of households including students, families, single persons and those looking for short-term housing solutions. However, since the 2008 economic downturn the sector is increasingly being used as a longer-term housing option. Since new homes in the social sector are not keeping up with demand, and first time buyers or ‘generation rent’ are finding it increasingly difficult to access owner – occupation, the private rented sector is increasingly being used by many more Welsh households.

**Security of Tenure**

The Renting Homes (Wales) Act received Royal Assent on 18 January 2016. This piece of legislation will make it simpler and easier to rent a home. At the heart of the act are the new ‘occupation contracts’. With limited number of exceptions, the act replaces all current tenancies and licenses with just two types of occupation contract. The ‘standard contract’ is modelled on the current assured shorthold tenancy used mainly in the private rented sector, while the ‘secure contract’ is based on the current secure tenancy issued by local authorities. Once implemented, the Act will require landlords to issue a written statement of the occupation contract which clearly sets out the rights and responsibilities of landlords and tenants. To help landlords comply with this requirement, the Welsh Government will provide free model contracts. The Act will also help protect people from being evicted simply for complaining about the condition of a property. The standard contract requires at least two months notice (section 174) and under section 175 the landlord may not serve a section 173 notice during first four months (unless contract is listed in Schedule 9) therefore protecting the first six months of the tenancy period. Under Part 2 of the Housing (Wales) Act local authorities have the power to discharge their homelessness duties into the private rented sector.

**Rent Reviews**

Currently a landlord has to give a tenant one month’s notice of any rent increase and there must be a minimum of twelve months between rent increases. Under the Renting Homes (Wales) Act 2016, the notice period will increase to two months.
Standards
Currently in Wales, the repairing obligations under the Landlord and Tenant Act 1985 apply to the private rented sector. The 1985 Act also places an obligation on the landlord to ensure the dwelling is fit for human habitation. However, the fitness requirement applies only to dwellings let at no more than £52 per annum so is, in effect, irrelevant (the rent limits have not been increased since 1957). The Renting Homes (Wales) Act 2016 which received Royal Assent on 18 January 2016 reflects current obligations on the repair and maintenance of a private rented property. It also requires the landlord to ensure the dwelling is fit for human habitation, irrespective of the rent. The Act gives the power to specify in secondary legislation what being ‘fit for human habitation’ means, and these regulations are likely to refer to the HHSRS guidance. The overall effect will be to give ‘contract-holders’, which could be tenants or licensees, the power to take a landlord to court if the property doesn’t meet the required standard. This is in addition to being able to seek action by the local authority under the authority’s HHSRS powers. There is also a requirement under Part 1 of the Housing (Wales) Act 2014 for self-managing landlords and agents to undertake training licensed by Rent Smart Wales.

Evictions and Disputes Resolution Process
Currently, outside of any fixed term period, and at least six months after the start of the tenancy, private landlords will tend to use the accelerate possession procedure (under Section 21 of Housing Act 1988). Providing the landlord has given a minimum of two months’ notice, and has abided by requirements in relation to protecting any deposit as well as registration and licensing, the court is required to make a possession order. Under the accelerated procedure, possession can be regained within around four months. Other cases can take longer to resolve, with much depending on the nature of the dispute, whether it is contested, and the workload of the court.

The Renting Homes (Wales) Act 2016 incorporates a similar accelerated possession procedure under the ‘standard contract’. However, it also provides for a defence against possession in cases where the court is satisfied the landlord issued the possession claim in order to avoid his or her repairing or fitness obligations, so-called cases of ‘retaliatory eviction’. All disputes under the Renting Homes (Wales) Act are adjudicated by the court.
Registration
Since 23 November 2015, any landlord who has a rental property in Wales which is rented on an assured, assured shorthold or regulated tenancy is required to register. How a property is owned will determine who needs to register it. All registrations are done with Rent Smart Wales. This new requirement comes from Part 1 of the Housing (Wales) Act 2014. A landlord, for the purpose of the legislation, is the person who is entitled to possession of the property. This in most cases will be the owner of the property. A landlord registration costs £33.50 if completed on-line and £80.50 if completed using a paper application.

Licensing
Landlords who are not involved in setting up tenancies and managing their rental properties do not need a licence; however they must use a licensed agent and register as a landlord declaring their agent on the registration. Landlords who do undertake letting and management tasks at their rental properties in Wales are required to apply for a licence. Such landlords are often described as ‘self-managing’. A licence can be applied for online at www.rentsmart.gov.wales or by completing a paper application form. The training that a landlord must do in order to obtain a licence can either be done direct with Rent Smart Wales, or an approved course can be completed with a training provider authorised by Rent Smart Wales. Rent Smart Wales must also be satisfied the landlord is ‘fit and proper’ (by ensuring they have no relevant convictions against them) and confirm the training completed by the applicant and/or their staff as part of the application is suitable for licensing purposes. Licences can be refused if the applicant is not deemed ‘fit and proper’. If a licence is awarded the landlord will receive notification of their unique licence number and the conditions attached to their licence. The landlord will also receive a licence card in the post. Once a landlord is licensed it lasts for 5 years. The ‘Code of Practice’ must be adhered to during the licence period.
The 2011 Census provided a range of pertinent statistics regarding the Irish private rented market. Most strikingly the sector had doubled in size to 305,377 households in the five years since 2006. The census also showed that private renters were predominately young (particularly in the 25-34 age category), single and Irish, through rental tenants originating from elsewhere in the EU27 had grown to account for 25% of all renters in 2011. The majority (65%) of landlords own just one property. A further 17% have two properties and 9% own 3 properties. 10% of landlords have more than three properties.\textsuperscript{15}

**Security of Tenure**

Different rules apply for non-fixed term and fixed term tenancy (lease) agreements when it comes to security of tenure. In the case of non-fixed term tenancies, security of tenure is based on four year cycles. During the first six months, landlords may terminate the agreement without specifying a reason but they must provide 28 days’ notice to the tenant. For tenancies longer than six months, but less than four years, known as a Part 4 Tenancy, a landlord may only terminate the agreement if one or more of the following apply:

- the tenant does not comply with the obligations of the tenancy
- the dwelling is no longer suited to the occupant’s accommodation needs (e.g. overcrowded)
- the landlord intends to sell the dwelling in the next three months
- the landlord requires the dwelling for own or family member occupation
- the landlord intends to substantially refurbish the dwelling
- the landlord intends to change the business use of the dwelling

Tenants do not need to give a reason for terminating a tenancy agreement. At the end of the four years, without a Notice of Termination being served, a new tenancy will commence and the cycle begins again.

\textsuperscript{15} Future of the Private Rented Sector Final Report: DKM Economic Consultants 2014
Fixed term tenancies should last for the duration specified in the lease agreement and should only be terminated if:

- the tenant or landlord has breached one of the conditions of the lease and/or their obligations under the Act
- the landlord has refused a request by the tenant for assignment of the lease or to sublet the tenancy
- there are provisions incorporated into the agreement allowing for early termination provided they are not contrary to the provisions of the RTA

After six months of a fixed term tenancy have lapsed, the agreement is classified as a Part 4 tenancy. Tenants have the option of continuing occupation after a fixed term tenancy that has lasted six months or more expires. To do this, they must notify the landlord of their intent between one and three months before the fixed term lease is due to expire.

Rent Reviews
Rents may not be greater than the open market rate. Amendments to the legislation on rent increases in December 2015 mean that rents may only be reviewed upwards or downwards once every 24 months. This will have an effect for four years from enactment of the provisions after which it will revert back to every 12 months. If a new rent level is to be introduced, tenants must now be given 90 days notice. The actual ‘notice’ of a rent increase has been prescribed by the Minister and as such must now include mandatory details. Notice periods of termination of a tenancy have also increased.

Standards
Landlords are required to ensure dwellings meet standards as set out in the Housing (Standards for Rented Houses) Regulations 2008 and the Housing (Standards for Rented Houses) (Amendment) Regulations 2009. These regulations specify requirements in relation to a range of matters such as structural repair, absence of damp and rot, sanitary facilities, heating, ventilation, light and safety of gas and electrical supply.
Funding is provided from part of each registration fee collected by the Residential Tenancies Board (RTB) to local authorities to inspect rental accommodation and enforce standards regulations. Where a property is found to be in breach of regulations, a series of sanctions can be taken against a landlord.

**Disputes Resolution Process**

Disputes between landlords and tenants are generally referred to the RTB instead of courts. The RTB deals with disputes in relation to deposit refunds, breaches of tenancy obligations, termination of tenancies, rent arrears, complaints from neighbours regarding tenants’ behaviour. The volume of disputes handled by RTB staff has increased by 104% since 2008. Mediation (telephone and face to face) and adjudication services are available. There is no fee for parties who submit a dispute application to the RTB and choose to have it resolved by mediation. The fee for adjudication is €25 for a paper application and €15 for online.

**Registration/licensing requirements**

Currently there is no licensing of Landlords in the Republic of Ireland. Anyone can become a landlord. Landlords are required by law to register their tenancies with the RTB. Landlords are also subject to inspections on the dwelling with regards to the minimum standards and 20% of the registration fees go to the Local Authorities to carry out those inspections.
According to the 2011 Census there were 95,000 private tenancies (includes renting from a landlord or letting agent, does not include those living rent free, renting from a relative or where the landlord lives in the dwelling). Figures from the landlord register show that over 48,000 landlords have registered with the scheme providing details of over 100,000 properties. The majority of landlords own one or two properties while a small proportion of landlords own five or more properties. The private rented sector is now home to many households who would traditionally have lived in the social housing sector. There is some evidence for this given that 57% of all private rented sector tenants are in receipt of housing benefit. The highest proportion of households are located in Belfast. This is likely to be influenced not only by the larger population but also by the presence of many young professionals and the large student population.

**Security of Tenure**

In Northern Ireland a private tenancy may either:

- last for a fixed number of weeks, months or years – called a ‘fixed term tenancy’
- run indefinitely from one rental period to the next – called a ‘periodic tenancy’.

If the tenancy has been agreed for a fixed term, the landlord will usually only be able to seek possession during this period of time if the tenant breaks one of the terms of the tenancy agreement. The tenant has a similar right if the landlord has broken any of the terms of the agreement. In either case, the correct notice to quit period must be given to the other party. (In 2011, the Department extended the notice to quit periods in recognition of the need to provide longer term tenants with a more reasonable period in which to find and move to alternative accommodation should their tenancy end). If the tenancy agreement did not specify the length of time for which the tenancy was to run, the law states that the tenancy will run for a default period of six months initially. After this it will become a periodic tenancy.

**Rent Reviews**

Private rented sector rents are normally set at the market rate. If the tenancy is a fixed term tenancy, the landlord can only increase the rent with the agreement of the tenant. If the tenant does not agree, the landlord will have to wait until the fixed term ends before he or she can raise the rent. When a fixed term tenancy ends and the tenancy becomes a periodic tenancy, the landlord can increase the rent at the end of any rental period. If the tenancy is
a protected or statutory tenancy, a rent increase can only be applied in certain circumstances and only if the rent is registered with the Rent Officer for Northern Ireland. Details of the rent and any rent increases should be detailed in the tenancy agreement.

Standards
The last major update to property standards regulation in Northern Ireland was the Housing (Northern Ireland) Order 1992. This is the legislative basis for the Housing Fitness Standard, the same pass or fail model as preceded the HHSRS in England and Wales, although it is enforced by the Northern Ireland Housing Executive rather than local authorities. Northern Ireland’s Housing Fitness Standard has faced similar criticism to that faced in the rest of the United Kingdom, namely that it does not cover areas such as thermal comfort, fire safety, electrical safety and the prevention of falls.

In March 2016 the Department for Social Development (now the Department for Communities) published a discussion paper on the future of the Housing fitness Standard presenting options for reform. The consultation closed on 10 June 2016.

Aside from the statutory housing fitness standard, there are additional repairing responsibilities which are specific to the private rental sector. These can sometimes be laid down in a tenancy agreement but where this isn't the case there are default obligations in the Private Tenancies Order 2006

Disputes Resolution Process
In Northern Ireland local councils frequently deal with landlord/tenant disputes. Where the council is unable to help, a tenant or landlord can take a case to the small claims court. Housing Rights (a charity organisation which works to improve lives by tackling homelessness and housing problems in Northern Ireland) have found that the use of dispute mechanisms such as mediation can have the potential to prevent homelessness and sustain tenancies. Housing Rights advisors often act as an informal mediator in that they may contact a landlord and/or the agent to discuss the matter at hand and come to a resolution.

The Tenancy Deposit Scheme administrators each have a way to sort out disputes between tenants and landlords over how much deposit should be repaid at the end of the tenancy. The ‘dispute resolution mechanism’ reduces the need to involve courts and aims to speed up the return of the deposit.
**Registration/licensing requirements**

Landlord Registration was introduced in Northern Ireland in February 2014. From that date all landlords have to register prior to letting a new tenancy or where they had an existing tenancy within 12 months. Registration lasts for three years at the end of which there is a requirement to re-register.

The Houses in Multiple Occupation Bill received Royal Assent on 12 May 2016 and is now known as the Houses in Multiple Occupation (Northern Ireland) Act 2016. This Act will introduce a licensing scheme which will ensure that management standards and housing conditions in Houses in Multiple Occupation are maintained which includes a requirement for the safety of the gas and electrical installations and means of escape from fire. Officials are currently drafting Regulations for this Act and continue to progress the work required in preparation for councils to introduce and operate the new licensing regime. It is the Department’s intention to have these completed and ready to be implemented with a commencement date of no later than April 2018.
Notes