



American Chamber of Commerce Ireland

Submission to the Rental Sector Strategy
Department of Housing, Planning, Community and
Local Government

7th November 2016

Executive Summary

Companies are attracted to invest in locations where they can access skills, where people will want to live and work, and where the surrounding infrastructures are supportive of business. Establishing a strong sense of place contributes to creating an environment which is appealing for entrepreneurship, for multinational and local business investment, and for attracting and retaining talent.

We have consulted with our member companies and their employees who are engaged in the rental market. Key issues include:

- Improving Market Performance: Boosting supply, improving value for money, reducing search periods and raising the quality of the rental accommodation pool.
 - Action: Deliver programmes such as the 'Build to Rent' initiative and implement initiatives to encourage urban regeneration specifically designed to cater for the rental sector.
- Greater Certainty and Closing Information Gaps: Improvements to security of tenures and improving the awareness of rights and responsibilities of tenants and landlords.
 - Action: Promote the work and role of the Residential Tenancies Board (RTB) to establish greater certainty surrounding rights and obligations and improve the quality of the renter-landlord relationship.
- Marketing Ireland as an Investment Location: Enhance the ability of firms to retain and attract talent, sustain Ireland's investment attractiveness and reduce the risk of costly employer interventions.
 - Action: Communicate to business the delivery of milestones in the 'Rebuilding Ireland' action plan to demonstrate capacity to address and resolve the challenges within the rental sector.

The rental sector has an impact on how attractive we are as an investment location. Competition for FDI remains intense as investment, rather than trade, emerges as the key driver of the global economy in this century. Hence it is vital that an environment that supports the retention and growth of foreign direct investment continues to be fostered.

The Chamber warmly welcomes the Government's strategy 'Rebuilding Ireland' and its commitment to deliver a rental sector-specific strategy. The Chamber looks forward to its successful implementation to improve the market performance of the rental sector, reduce uncertainty and information gaps between stakeholders and make a stronger contribution to marketing Ireland's attractiveness for inward investment.

Introduction

The American Chamber of Commerce, through its member companies, is aware of the current difficulties in the rental market associated with the rapid development of the economy. Given that the rental sector in Ireland has doubled in size over the course of the last two decades, with almost one fifth of the population now living in rental accommodation, it is correct that the Government seeks to establish a rental sector strategy, as part of its comprehensive approach to planning and investment in the residential housing sector for the next decade.

The key priority for the American Chamber of Commerce is that Ireland remains a global location of choice for US foreign direct investment (FDI) into Europe, and by doing so we retain and attract further investment and jobs. Today, over 140,000 people are directly employed in over 700 US firms in Ireland, accounting for over 74% of all IDA supported employment. Collectively US investment in Ireland amounts to \$343bn. Ireland, which represents just 1% of the European economy, attracted 20% of all US FDI investment to Europe in 2015. This investment remains instrumental in helping to create and develop a world class labour force; critical in dispersing technology and innovative capabilities across the economy; and key in expanding the global reach of indigenous firms.

Global locational surveys of multinational investors suggest a preference: regions of scale with strong urban centres, established clusters of industry, access to skilled people, international connectivity, energy infrastructure, strong telecommunications, research and innovation capabilities, and sub-supplier and services infrastructure. With this, the provision of appropriate, innovative and competitive property solutions, coupled with robust infrastructure and a developed property ecosystem, is a key driver behind winning FDI projects where time to market is critical.

With an increasing trend of FDI locating in larger urban areas, Ireland must compete with a recognised international-scale city as a flagship for the entire country. This has a key role in attracting investment. The Chamber wants Ireland to be recognised as one of the most developed, ambitious and welcoming locations in the world for existing and new business investments and a highly supportive environment for their future growth.

There is a strong interdependence between the planning, development and creation of an attractive living environment and of enterprise development. Companies are attracted to invest in locations where they can access skills, where people will want to live and work, and where the surrounding infrastructures are supportive of business. Establishing a strong sense of place contributes to creating an environment which is appealing for entrepreneurship, for multinational and local business investment, and for attracting and retaining talent.

We have engaged extensively with our member companies to understand the experiences of their staff and how this is impacting their organisation. In a highly competitive jobs market, it is essential that Ireland remains an attractive location for professionals and those whom our member companies wish to target. An ability to find suitable rental accommodation at an appropriate price and to an adequate standard is key to any potential employee being attracted to and remaining with our member companies.

The American Chamber therefore welcomes the Rental Sector Strategy initiated by Government and we are eager to convey the views and experiences of our member companies in this regard. Indeed we also welcome the publication of 'Rebuilding Ireland' which highlights that housing is a clear priority for this Government and sets out a roadmap to address current issues across all aspects of the housing sector.

The Chamber has participated in the Stakeholder Day as part of the consultation process and is making this submission to further reiterate the experiences and views of our members.

Perspective on Irish Rental Market

As part of the American Chamber's input into the Rental Sector Strategy, we consulted with our member companies to identify and validate issues which their employees are experiencing. They fall into three broad categories based on experience:

Market Performance

- Increase supply: Need for a significant step-up in the supply of accommodation in the right locations with proximity to the workplace, schools, transport and services.
- Improve value for money: Rent prices are viewed by many as far too high and do not reflect value for money for the tenant.
- Reduce length of time: The long and protracted period of time it takes to secure accommodation impacts on an employee's ability to adjust to life in a new organisation / Ireland.
- Improve standard & size: The quality of accommodation available presently to renters is disappointing.

Certainty and Information Gaps

- Improve security of tenure: The possibility of increasing rents is ever-present in the current climate and is an uncertain situation for tenants. This makes planning for the future difficult.

- Minimise anxiety and stress: Our members are aware that accommodation issues can be a significant source of stress for their employees and wish to avoid situations where it impacts productivity.
- Greater awareness of rights and responsibilities of tenants and landlords is needed: There is a sense that the landlord is the dominant party in the landlord-tenant relationship and that there is very little protection for the tenant and indeed little understanding of their rights.

Promoting Ireland as an Investment Location

- Impact on attracting talent: The rental sector is very important for mobile talent, its availability is a significant factor in the growth potential of FDI in Ireland as their businesses are built on talented people.
- Reputation as an investment location: Experience of the rental sector can have a knock-on impact on actual investment decisions as it relates to a location's attractiveness for talent.
- Controlling costs: Companies wish to avoid having to intervene where no suitable accommodation could be found for a particular cohort of employees. Corporate accommodation providers have been utilised successfully but this results in higher costs for business.

Actions to address issues in the rental market

Improving Market Performance

To boost supply, improve value for money, reduce search periods and raise the quality of the rental accommodation pool the Chamber encourages Government to deliver programmes such as the 'Build to Rent' initiative and implement initiatives to encourage urban regeneration specifically designed to cater for the rental sector.

Build-to-rent: This initiative will see the construction of complexes which are specifically designed to cater for tenants, with shared common spaces, adequate storage facilities and a community-like setting. This is a new model to the Irish rental market, but employees of our members companies have experienced these in other jurisdictions. Build-to-rent could address the issues of supply, standard and security.

The Chamber welcomes the review and expansion of initiatives to encourage urban regeneration as employees of many of our member companies seek accommodation in central locations.

Greater Certainty and Closing Information Gaps

To improve security of tenures and the awareness of rights and responsibilities of tenants and landlords the Chamber recommends that Government promote the work and role of the Residential Tenancies Board (RTB) to establish greater certainty surrounding rights and obligations and improve the quality of the renter-landlord relationship.

- Promotion of the Residential Tenancies Board (RTB): This would increase awareness of both tenants' and landlords' rights and responsibilities. Such an awareness and promotion of availability could prevent a future breakdown in the landlord-tenant relationship.

The American Chamber of Commerce has included details of the RTB on our 'World of Talent' website – a joint initiative by the American Chamber of Commerce Ireland and IDA Ireland. The website www.worldoftalentinireland.com is designed to be a one-stop-shop online resource with valuable information for those considering moving to Ireland, as well as testimonials from those who already have. We will continue to promote the work of the RTB and among our member companies. We would seek for an increased national profile for the RTB.

- Ensuring that a prospective tenant knows that a property is registered with the RTB could be ensured by adopting a system similar to the Building Energy Rating (BER), whereby a 'badge' could be uploaded to the page of a website advertising a rental property. A tenant would then be fully aware that they are entering into a lease with a RTB registered property and this would provide a degree of assurance.

Marketing Ireland as an Investment Location

To enhance the ability of firms to retain and attract talent, sustain Ireland's investment attractiveness and deduce the risk of costly employer interventions. the Chamber recommends that Government communicate to business the delivery of milestones in the 'Rebuilding Ireland' action plan to demonstrate capacity to address and resolve the challenges within the rental sector.

The rental sector has an impact on how attractive we are as an investment location. Competition for FDI remains intense as investment, rather than trade, emerges as the key driver of the global economy in this century. Hence it is vital that an environment that supports the retention and growth of foreign direct investment continues to be fostered.

Concluding Remarks

The American Chamber of Commerce Ireland promotes policies that enhance Ireland's competitiveness to be the location of choice for US foreign direct investment into Europe. Ireland remains a unique gateway for US investment into Europe and EU-US policies that advance transatlantic trade and investment will retain and attract further investment and jobs here.

The Chamber warmly welcomes the Government's strategy 'Rebuilding Ireland' and its commitment to deliver a rental sector-specific strategy. The Chamber looks forward to its successful implementation to improve the market performance of the rental sector, reduce uncertainty and information gaps between stakeholders and make a stronger contribution to marketing Ireland's attractiveness for inward investment.

The rental sector has an impact on how attractive we are as an investment location. Competition for FDI remains intense as investment, rather than trade, emerges as the key driver of the global economy in this century. Hence it is vital that an environment that supports the retention and growth of foreign direct investment continues to be fostered.

We support this consultation as part of the Strategy on the Rental Sector and we make this submission in order to assist the formulation of this important policy. We believe that our input can help drive growth by making Ireland more attractive for future inward investment.