

IPOA e-zine

Official on-line magazine of the Irish Property Owners Association

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Registered members of the IPOA can subscribe to receive this regular update by e-mailing their name, membership number and e-mail address to: ipoa@eircom.net

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EDITORIAL

The Changing Face of Property Letting.

Legislation in the last ten years has taken its toll on our business with the introduction of the 1996 Housing Legislation and its eventual repeal, the Bacon Reports, the Commission Report, the Ad Hoc Board and the Private Residential Tenancies Board. Yet again we are facing Radical Legislation on Energy Efficiency. Come 2009 we will have to produce a certificate showing the energy efficiency of our properties, whether we are selling or renting. So be warned from 1/01/09 this takes effect.

The IPOA, again being pro-active on this front, are holding a conference on Energy Efficiency in October next. The Green House Sessions is a one-day conference designed to provide you, our members, with full and complete information on the Energy Directive, its implications, and the changes you, as a property owner, will need to

implement in order to be progressive in terms of legislation, the environment and your finances.

Stephen A. Faughnan, Chairman

BE AWARE: ENERGY CERTIFICATES

As you are aware Ireland has signed up to the Kyoto Protocol agreeing to reduce CO2 emissions. EU Directive 2002/91/EC on the Energy Performance of buildings is designed to convert a building's energy performance into a factor that significantly affects its value. Every time you rent or sell a property from 2009 it will have to have an energy certificate

The details of the Directive will be implemented in Ireland over the next two years and will become part of national law. The Directive includes the establishment of a Building Energy Rating (BER) certificate which will be required at the sale or rental of a building, or on the completion of a new building.

This issue along with other relevant energy and environmental topics which now impact on residential property ownership will be addressed at The Green House Sessions, the first IPOA conference which will take place on 17th October

UPCOMING EVENTS 2006

20th September
IPOA Members Meeting
Red Cow Moran Hotel

17th October IPOA Conference
Green House Sessions
Croke Park

November
UIPI Meeting
Vienna

December
Launch of the 2007 IPOA Diary/YearBook
tbc

SEPTEMBER MEMBERS MEETING

There will be a members meeting on 20th September 2006 in Red Cow Moran Hotel commencing at 7.30pm. Our guest speaker will be Alan Moore, expert on property tax, author of Tax Magic, and particularly well versed in foreign property taxation. Own a property abroad or considering investing abroad then this is an event not to be missed.

We will of course be updating you on other issues including Registration, Dispute Resolution and the Rental Accommodation Scheme.

IPOA DIARY/YEARBOOK 2007

We had such a good response from members who received the Diary/Yearbook last year that we intend to have another one published in 2007. If any members wish to advertise in the Diary please contact the office as soon as possible.

UIPI - UPDATE

The structure of the UIPI has changed recently and it is now legally registered in Belgium as a non profit association (association sans but lucrative-ASBL). The Offices remain at the same address. It retains the same basic structure with the same 24 organisation members from 22 countries. There are two new members on the New Executive Committee, John Sharpe, Vice Chairman (NFRL-UK) and Stephen Faughnan, Chairman IPOA. We are delighted that Stratos I. Paradias, Lawyer and President of the UIPI will be addressing our Green House Conference in October.

PRTB LATE FEES

When registering a tenancy with the PRTB ensure it is sent into them within one month of the commencement of the tenancy or you will incur a double fee.

www.ipoa.ie

We are delighted to announce that we have recently updated our website. It now contains even more useful information for property owners including links to other sites required by our members. These include the PRTB, Local Authorities, Government Sites etc. If you have any queries outside office hours you will often find the answer on our website.

RAS (RENTAL ACCOMMODATION SCHEME)

Over the last year we have mentioned this scheme on numerous occasions. We have been informed recently that members who have requested market rent have been accommodated under the scheme and they have been able to negotiate other terms as well. It appears members have been able to get clauses inserted in the contract including specific guarantees for damages and been allowed to meet prospective tenants in advance and decide on their suitability. If the scheme includes these terms it will be worthy of further investigation and consideration by property owners. Do read the contract carefully before signing.

REGISTRATION

LINK TO MORTGAGE INTEREST RELIEF

If your tenancy is a letting under the Residential Tenancies Act 2004, it needs to be registered with the Private Residential Tenancies Board. You are not breaking the law if

is not registered until they contact you and by then you will have incurred a double fee. The registration will cost you €140 instead of €70 if it is not registered within a month of the commencement of the letting. If it is not registered you will not be able to avail of the dispute resolution mechanism and revenue will not allow you to claim mortgage interest relief. This revenue change was announced in the Finance Act 2006 and takes effect in the assessment year 2006 and subsequent years.

If your letting is outside the Residential Tenancies Act 2004 then you cannot register the tenancy and the change mentioned in the Finance Act will not effect you. Lettings that are excluded from the Act include holiday lets, part business lettings and lettings under licence agreements.

SECTION 11 FINANCE ACT 2006

This Act applies to the general countrywide rental refurbishment scheme. This scheme provides for a deduction against rental income for expenditure incurred on the refurbishment of rented residential accommodation. Qualifying refurbishment expenditure can be written-off over 7 years at the rate of 15% per annum for the first 6 years and 10% in year 7. In addition to any interest deduction that may be claimed, the entitlement to a deduction for the qualifying refurbishment expenditure is now dependent, inter alia, on compliance with the registration requirements of the PRTB. Therefore the obligation to comply with the registration requirements is triggered whether or not a loan is taken out to finance the refurbishment. Written confirmation of the registration of a tenancy from the PRTB will be accepted as evidence of compliance with the registration requirements for that tenancy where relief under this scheme is being claimed. Finally, the Finance Act 2006 provided for the termination of this scheme on 31 July 2008. Refurbishment expenditure incurred after that date will not qualify for relief.

RECENT PRESS

Irish Independent Property Supplement 16th June, Property Market Is Going Green by Stephen Faughnan, IPOA

“It is time for property owners nationwide to take heed of rapidly rising energy costs which by next winter will have risen significantly and in turn affect the running costs of homes and conditions of comfort....This will be the focus of a one-day conference from the Irish Property Owners Association (IPOA)...”

Sunday Independent 18th June, House owners to face new €300 'green' charge

“It has been suggested that these new green certificates could affect the value of houses being sold, with poor-scoring homes shedding thousands of euros off their worth. ..It will be a crime to sell or let a new property without one of these green certificates....with possible fines of up to €5,000. .. it is thought that solicitors and estate agents acting for vendors or landlords will refuse to complete any transaction unless the paperwork is in place.”

Irish Times 17th July, How a lot of hot air creates a legacy of cold houses

“Last year, a report by the Royal Institution of Chartered Surveyors concluded that

"green buildings" designed to use resources more efficiently are good for business because they can command higher rents, enjoy lower tenant turnover, improve business efficiency and productivity as well as costing less to operate and maintain."

BE AWARE; CHOSE APPROPRIATE LETTING AGENT

As you are aware there are a number of different letting agreements supplied by the IPOA. These include Licence Agreements and Part Business Agreements. It is important that you use the most appropriate agreement for your situation.

Letting on a Licence agreement (Blue) is a B&B style of letting and very suitable for short term lettings where tenants are not sure how long they will be in the premises. The tenant does not have sole possession of the premises and the property owner can enter the premises. The property owner holds a key. The licensee can be moved from room to room. This licence is outside the Residential Tenancy Act 2004 and would not be registered with the PRTB. If a problem arose under this agreement you would not be able to avail of the PRTB's Dispute Resolution System but would have to go to the Courts.

The Standard Agreement (Yellow) is designed for standard lettings. This would be under the Residential Tenancies Act 2004 registering with the Board and property owners would be able to avail of the PRTB's Dispute Resolution Service. Part Business Agreements (Lilac) are used in the case of Residential Tenancies who use the premises for Business related activities either in part or full. e.g. lettings to people who are in a certain occupation that they bring home work, they are a secretary of a Local Club, use a phone or a computer for business purposes etc. It is vital that the use is established at the outset and under this type of lease you must not allow the tenancy to be any longer than 4 years 9 months.

EXCELLENT PROMOTIONAL OPPORTUNITIES AVAILABLE !

We in the IPOA have significantly upgraded our activities and services over the past two years and in doing so are able to offer members invaluable promotional opportunities. We are offering the following sponsorship options to any of our members who wish to reach a targeted audience of property owner/investors/agents/builders and other property professionals:

1. The 1st Annual IPOA Conference: Associate sponsorship (contact info@ipoa.ie).
2. The 2007 IPOA Yearbook/Diary: The IPOA issued its first ever Yearbook/Diary in 2006. The Diary is provided free of charge to all IPOA members and industry colleagues. It contains a page per day view and valuable information on issues concerning members. The 2007 diary is being compiled at present. We have some advertising slots still available. For further information please refer to <http://www.ipoa.ie/services/yearbook.htm>.
3. IPOA Membership Cards 2007: The IPOA members are issued with an annual

membership card as a formal means of identification as a member and as access to events, training, benefits etc. The cards are professionally printed credit card style and we are offering one sponsor the chance to display their logo on the card for the year. If you are interested in finding out more please email info@ipoa.ie

4. IPOA Quarterly Newsletters: The IPOA distribute these newsletters to our members, government and industry every quarter. The newsletter is a professionally printed full colour publication with valuable information on developments, updates and news. We are offering advertising in the newsletter to any interested parties. If you are interested in finding out more please email info@ipoa.ie.

RECENT CORK MEETING

Our recent meeting in the Silver Springs on 7th June was interesting and informative. Members were really impressed with the Guest Speaker Alan Moore, who gave a comprehensive lecture on investing abroad and tax liabilities, with members attending from as far a field as Galway. As a result of this we have had many requests from members for another lecture by Alan Moore on the same topic in Dublin. The Cork Committee discussed local issues and Stephen Faughnan gave a comprehensive update on the RAS and PRTB. Altogether a very productive meeting!

DEPOSIT RETENTION

The Dispute Resolution Decisions for the period April to June are on the PRTB website www.prtb.ie and they show that approximately 45% of disputes related solely to deposit retention. This is a huge percentage and they appear to be fairly dealt with by the PRTB. It is really important to be able to prove everything. If you are withholding deposit for damages, be able to prove that the items were perfect originally and only hold the replacement amount allowing for age and previous condition. This is where your detailed itemised inventory comes in. Refund the balance no matter how small. Give your tenant a statement explaining the reason with the refund.

THE GREEN HOUSE SESSIONS

**a one day conference on the implications of energy issues on your property
17th OCTOBER 2006**

You have all been made aware of the first IPOA conference, The Green House Sessions. The conference has been designed and the programme completed and we are delighted with the results. It promises to be an unmissable event for all property owners who take their business and finances seriously.

The Green House Sessions has been conceived in response to the new Energy Performance of Buildings Directive, which will be enforced by legislation over the

coming 2 years. This Directive will have a huge impact on the rentability and sale of your property, in turn impacting on the profit you will be able to make from your property.

• **About the Directive**

The EU Directive on the Energy Performance of Buildings (EPBD) contains a range of provisions aimed at improving energy performance in residential and non-residential buildings, both new-build and existing.

The EPBD obliges specific forms of information and advice on energy to be provided to building purchasers, tenants and users. The intention is that this information and advice will help consumers to make informed decisions leading to practical actions to improve energy performance.

As part of the Directive, a Building Energy Rating (BER) certificate, which is effectively an energy label, will be required at the point of sale or rental of a building, or on completion of a new building. The BER will be accompanied by an "Advisory Report" setting out recommendations for cost-effective improvements to the energy performance of the building. However there will be no legal obligation on vendors or prospective purchasers to carry out the recommended improvements.

In Ireland, this directive is expected to impact on over 150,000 sale or rental transactions per year in the residential market. The Directive must be transposed into national law and must be generally brought into operation by EU Member States by 4th January 2006. However, provision is made to allow a longer period, ending in January 2009, for full implementation of the more complex requirements relating to BER certificates, promoting improved energy efficiency of boilers and inspection of air conditioning systems.

• ***CONFERENCE PROGRAMME***

The conference programme has been designed in conjunction with leading energy expert and Architect Duncan Stewart. The IPOA have worked with Duncan incorporating the advice of leading agencies and have come up with an excellent programme aimed directly at property investors (see enclosed flyer for details).

• ***CONFERENCE DETAILS***

The conference will take place in the Hogan Suite in Croke Park, Dublin 1. The venue is equipped with the best of facilities ensuring that your day is comfortable and memorable. There will be an exhibition area in the lobby overlooking the pitch which will enable 14 companies to display their products/services to the delegates. We have incorporated a slot into the programme for you to spend some time visiting the stands and learning more about what's on offer. Should you be interested in taking out a stand there are a few still available at a cost of €600 for the duration of the event. For further details please see www.ipoa.ie/events

• **DELEGATES**

There is a capacity for 500 delegates at the Green House Sessions. The 500 will be made up of IPOA members, non-members and other industry professionals.

• Delegate fees

IPOA Members €100 Non-members €160

IAVI and Engineers Ireland Members €125

The fee enables you to attend all sessions of the conference, the exhibition area, entitles you to all refreshments including lunch and parking on site. It is tax-deductible.

Registration is on a first-come first-served basis so early booking is advised. Please see accompanying leaflet for registration form.

The event is CPD approved by Engineers Ireland and the IAVI.

Why Attend?

INFORMATION - KNOWLEDGE IS POWER

REDUCE ENERGY COSTS AND SAVE MONEY

EVERY LETTING WILL REQUIRE AN ENERGY CERTIFICATE

GET A BETTER ENERGY RATING FOR YOUR PROPERTY

LEARN HOW TO MAKE A PROPERTY ENERGY EFFICIENT AND COMPETITIVE
IN THE MARKET & INCREASE ITS VALUE

KNOW WHAT GRANTS ARE AVAILABLE TO ASSIST

HELP PROTECT THE ENVIRONMENT

BE WISE - BE INFORMED !

I.P.O.A. INSURANCE SCHEME

This scheme has provided insurance cover to members when no other company would carry the risk and is priced very competitively.

NOW Included at no extra cost:

Employers Liability providing indemnity for any person under a contract of service or apprenticeship with you for the repairs, cleaning or maintaining the insured building.

This cover is automatically included on all existing policies and new policies from 1st September 06. Limit of indemnity €12.5m

***RAS SCHEME:**

The property owners combined insurance scheme has now been extended to cater for the RAS/Rental Accommodation Scheme from 1st September 2006.

These are two substantial additions and we are currently the only source of property insurance for the RAS Scheme

**For further details or quotation without obligation contact Pdraig, Emmet or David on 01-8245555
SA Faughnan Brokers Ltd., Ashtown Business Centre, Navan Road, D15**

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