

**Joint Oireachtas Committee on Housing, Planning, Community & Local
Government – Short Term Lettings**

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Community & Local Government**

I would like to thank the Chairperson and the members of the Committee for the invitation to attend today to discuss the **The Impact of Short Term Letting on the Residential Rental Sector** Accompanying me are my colleagues, Eamonn Kelly Senior Advisor in the Forward Planning Unit, Niamh Drew, Assistant Principal Officer in the Planning Policy Unit and Neil Maher, Assistant Principal Officer in the Rental Market & AHB Regulation Unit in the Department.

The Strategy for the Rental Sector recognises the potential issue of significant numbers of properties being withdrawn from the long term rental market, particularly in Dublin, for use as short term tourism-related lettings – and the negative impact this would have for the supply and availability of residential rental accommodation. The growing use of online platforms, such as Airbnb, may, if not adequately regulated, facilitate and encourage this trend.

The Department recognises that “homesharing” – i.e. people providing overnight and short-term accommodation in their own homes - can be an important source of income, helping “homesharers” to meet the costs of

mortgages, rents or other household expenses and hence support tenure security. It also supports tourism and associated economic activity and even social and cultural exchange.

Home sharing where the dwelling involved is the permanent or long-term residence of a person or family does not reduce the number of residential units available in the economy. For this reason, planning regulations have traditionally recognised that home-sharing and overnight guest accommodation is permissible in certain circumstances in houses, but not apartments, without a need to obtain planning permission.

That said however, the Department is concerned that the growing availability and use of online short-term letting platforms, and the potential commercial opportunities they provide, may encourage:

- Landlords, who normally provide residential rental accommodation to tenants, to seek to obtain higher returns by ceasing residential letting and moving to short term letting to tourist and business traveller customers; and
- Investors to purchase residential units for short term letting as an investment option.

Both of these scenarios involve residential properties being lost to the residential housing system, meaning that less long-term and secure

accommodation will be available to the growing numbers of families and people who need it. The social and economic impacts of difficulties in accessing accommodation are significant and will not be compensated by other economic benefits of the shift of residential units into short term letting.

The Department is also concerned that the ability to use online platforms may facilitate or promote the use of housing units in multi-unit residential developments, such as apartments, for bed and breakfast accommodation contrary to the provisions of the planning acts and create planning enforcement difficulties for planning authorities.

Generally, under the planning code, all development, including a material change of use, requires planning permission unless exempted under the Act or associated Regulations. However, there is a specific exemption in Article 10(4) of the Regulations which provides that, within certain limitations or restrictions, development consisting of the use of a house for overnight guest accommodation is exempted development and therefore does not require planning permission. Apartments, however, do not benefit from this exemption

Where there is a question as to what, in a particular case, is or is not development or exempted development, any person may request the relevant planning authority (*or from An Bord Pleanála on referral*) a declaration under section 5 of the Act.

When considering such a section 5 referral, An Bord Pleanála last year determined, in a particular case, that planning permission is required for the exclusive use of a residential apartment for short term holiday lettings. The implications of this case raised a number of other regulatory and related issues, such as consumer protection, tax liability, residential tenancy regulation, support for tourism, and planning.

Subsequently, the Department, by way of issuing Circular Letter (PL12/2016) on 22 December 2016, brought this determination to the attention of planning authorities to ensure they were aware of:

- the grounds on which the Board reached its decision;
- the planning implications in terms of the requirement for such commercial use of residential units to be the subject of an application for planning permission; and
- the importance of a proactive approach to planning enforcement generally in this regard.

The Circular stated that planning authorities should take appropriate enforcement action under the planning code where it is brought to their attention that a particular property may be being used exclusively for short term letting.

The Rental Strategy, in order to address the unintended consequences of short term lettings, particularly the withdrawal of supply from the residential rental market, committed to the establishment of a working group comprising representatives of relevant Departments, public bodies and wider interests in this area to provide full clarity on the appropriate regulation for management of short term tourism related lettings given the desired overall housing and rental policy objectives.

The first meeting of the working group took place last Wednesday, 14th of June. On foot of that meeting, it was agreed that the group will gather the available data to assess the scale of the issue, consider the approaches used in other jurisdictions, identify the areas most at risk of negative impacts and develop a clear policy approach based on housing priorities. On that basis a circular will be prepared for issue in the near future to provide guidance to Planning Authorities on how to ensure that residential rental supply is protected in areas where demand is high when considering planning applications for short term lets. The objective will be to limit the exclusive use of residential units for short-term letting, while facilitating those who are letting rooms in their own homes to do so, taking into account the specific issues associated with short term letting in apartments and other issues such as standards and consumer protection. The group will also assess whether further guidance or changes to the regulation are required.

AirBnB:

In addition to establishing a working group to consider Short Term Lettings, the Department has been engaging with AirBnB over the last number of months with a view agreeing a Memorandum of Understanding (MoU).

Whilst AirBnB are the most well-known and fastest growing operator in the sector, there are a number of other companies operating similar business models, such as:

- Abode
- StayCity
- The Keycollection

In discussions with the Department, AirBnB has expressed its concern at the potential loss of supply to the residential rental sector and have shown willingness to work with the Department to develop a collaborative agreement. Discussions in this context are ongoing and if successfully concluded, are intended to form the basis for putting similar arrangements in place with other online platforms.

The Department's joint commitment with AirBnB is to co-develop protocols and processes that encourage and facilitate home sharing while preventing unwelcome and unauthorised commercial rentals being advertised on the AirBnB platform. However, any MoU, if agreed, shall be in addition to any

requirements under the planning code. In this regard, it will not remove the obligation to obtain planning permission, as required, nor will it prohibit the reliance on an existing planning exemption, as appropriate, or the ability to seek clarification from the relevant planning authority as to whether planning permission is or is not required.

Conclusion:

I have tried to give an overview of the complex area that is short term lettings and provide you with an update on developments, considerations and progress to-date. To finish I understand that Dublin City Council intend to give a short presentation around data gathered and compiled by earlier this year in respect of AirBnB properties.

Myself and my colleagues will then be happy to take any questions you may have.

Thank you.