



Peter McVerry Trust

Presentation to the Joint Committee on Housing, Planning, Community and Local Government

Impact of Short Term Lettings on Ireland's Housing and Rental Market

21st June 2017

Much of the commentary on short term lettings to date has focused on the letting platform, Airbnb. However, Peter McVerry Trust would stress to members of the Committee that this is simply the largest concentration of short term lettings online and that there are many other businesses and individuals operating in this market who do not use the platform.

The rise in the number of short term lets in Ireland in such an unregulated manner is another symptom of a highly dysfunctional housing system. While short term lettings do not have a major impact on the housing system as a whole, at the moment, they can, in specific small or local area housing systems, have deeply negative and disruptive impacts. Their rise can also disproportionately impact on specific groups within the housing system, such as people solely reliant on private rental units for their accommodation.

It is also of concern that the use of short term letting is growing in popularity. Thus it does clearly have the potential to grow to such a point that the broader housing system is more deeply impacted.

The manner in which short term letting has grown also points to deep problems within our planning system and particular shortcomings in how we monitor and enforce planning legislation.

In assessing the impact of short term lettings Peter McVerry Trust has framed its presentation around three critical issues. These are;

- Entire Properties to Rent
- Businesses or Individuals Engaged in Multi-Unit Lettings
- Non-Compliance with Planning

Negative Impact on Availability of Rental Properties

The issue which is of primary concern to Peter McVerry Trust is that the rapid rise in short term lettings has caused a further decline in the number of properties to rent under a normal medium term lease.

This is critical because the private rental market remains the main exit route for people leaving homelessness, particularly for single adults who would otherwise face very long waits for social housing opportunities.

The growth in short term lettings has undoubtedly led to traditional rental properties transitioning to the short term lettings market. This reduces overall supply. It impacts on Peter McVerry Trust's ability to move people out of homelessness and of course most importantly negatively impacts on people in homelessness.

At any point in time the rapid rise in the number of properties lost to short term lettings concerning when supply is disrupted and reduced. It is of particular concern at the current time when the availability of rental properties in Dublin and other high need areas is at a historically low level.

Peter McVerry Trust is also concerned that existing rental properties are being transitioned to short term lets. This means that tenants are being evicted and displaced. At present sitting tenants are being evicted by property owners in order to facilitate a shift from medium term to short term letting. While we do not have any direct record of such instances it is perfectly feasible that some of these tenants will have ended up in homelessness as a result of the property moving to a short term letting. For the property owner higher yields secured through the short term lease model and a commercial environment devoid of any genuine regulation makes sense.

Negative Impact on New Supply

Unfortunately, the unregulated rise in short term lettings is not only impacting on existing residential lettings but is likely to reduce the number of new properties to rent in the future and also impact on the ability of potential homeowners to buy a new home.

This comes about because of a significant growth in the number of businesses and individuals engaged in large scale commercial multi-unit lettings. Indeed in 2016 there was a significant increase in the number of multi-unit users of the Airbnb platform. Given the absence of regulation, the high yields available many investors are now acquiring properties on the market to add to the short term lettings portfolio. This means those same properties cannot be used for traditional rental properties or cannot be bought by home buyers.

Small Area Housing System Case Study – The Impact of Short Term Lettings on the Housing and Rental System in Dublin 1

Peter McVerry Trust would like to take the opportunity to underline just how disruptive the short term letting market can be on a local housing and rental system.

Today in Dublin 1, there are more short term let properties available to rent than there are traditional rental units. This is in an area with significant levels of overcrowding in existing rental properties, with acute levels of social housing need, and almost complete absence of affordable housing options.

While a significant number of those listings are found on Airbnb, the majority are actually not listed on that platform. One relatively new actor in the short term lettings market in this area has converted a number of residential properties to commercial short term lettings. They have done so without any record of planning approval. Peter McVerry Trust estimates that within the immediate environs of Mountjoy Square, Dublin 1 at least 30 former rental units have been lost in the last 18 months as a result of illegal change of use for the purposes of short term lets. Peter McVerry Trust is aware that this is also reflected across other former residential buildings in other parts of Dublin 1 and Dublin 7. Some of these instances have been highlighted by us and others in the media in 2017.

Recognise Reasons Owners Revert to Short Term Lets

At this point Peter McVerry Trust would like to place on record recognition that for some owners using short term lettings is a means to afford their housing. This can be due to the need to address a legacy from the housing boom and financial crash with many property owners stuck with devalued assets and crippling mortgages. Equally many people are facing very real challenges in holding their accommodation and the use of short term lettings may offer them the chance to hold onto their home.

Peter McVerry Trust would hope that the Committee would recognise these type of sensitivities when considering how best these individuals and homeowners can be supported to comply with planning, health and safety and tax issues.

It is almost a separate body of work to tackle the actions of commercial businesses and individuals operating full time lettings of entire properties, which is a smaller but rapidly growing segment of the short term lettings market.

Recommendations on how to address the Impact of Short Term Lets on the Housing and Rental System

Peter McVerry Trust recommends the below measures to the Committee.

Research: To secure an evidence basis on which to formulate a comprehensive policy response Peter McVerry Trust believes a comprehensive nationwide analysis of the people who engage in short term lettings and the reasons for doing so.

Planning - Enforcement: Peter McVerry Trust believes that at the very least a proactive response from local authorities is needed to ensure full planning compliance with respect to

properties used for short term leases. This may require a cultural shift because as one local authority official in DCC stated it is 'not actively seeking cases'. Enforcement would as first action oriented step lead to an immediate reduction in the use of short term lettings.

Planning - Change of Use Applications: Strong consideration should be given to a term defined ban on residential to commercial change of use applications with respect to short term lettings. This should be applied in any housing system which is facing housing crisis.

This measure, when combined with an enforcement approach, would push the owners of properties who let them in the entirety on a full time basis to put them back into the housing system increasing properties to rent or buy.

Legislation: To review, and amend if necessary, the Planning and Development Act to ensure the imposition of adequate financial penalties on those found to be in breach of planning legislation. International evidence with respect to Airbnb hosts

Addressing the Problem not the Publicity:

Members are no doubt aware that the Department of Housing and Airbnb are in advanced discussions on the development of an MoU. This is entirely inadequate. If action is required it should be based on legislation with clear recourse to sanctions. It also shows an ignorance of the fact that there are significant number of short term lettings available outside the platform which would not be covered by the MoU.