

Submission to Joint Oireachtas Committee on Tourism, Culture, Arts, Sport, and Media

February 2023

Introduction

Focus Ireland welcomes the opportunity to submit to the Joint Oireachtas Committee on Tourism, Culture, Arts, Sport, and Media on the Registration of Short-Term Tourist Letting Act 2022.

As one of the leading housing and homelessness organisations in the State, Focus Ireland has over 30 years' experience in working with individuals and families through our extensive supports and services nationwide. To avoid taking up the time of the Committee with a long description of the work that Focus Ireland does or the unique approach we take, we have included links to our most recent Annual Report¹ and to our Strategic Plan.²

Focus Ireland broadly supports measures which would increase the number of housing units available as long-term homes, but which are currently being used as short-term lets. We believe that effective action on this is long overdue.

It is important to note that, while any new housing into the long-term rental market is welcome given the ongoing challenges in the availability of affordable rental accommodation, the regulation of short-term lettings is not a lasting solution to the housing and homeless crisis. However, this step would help take significant immediate pressure off the system and help to reduce the numbers of families and individuals becoming homeless while lasting solutions, primarily the rapid building of social and affordable homes, are being put in place.

While we believe the tenets of the Bill will be helpful in alleviating pressures on the rental market, we do not believe the Bill should interfere with people letting their own homes for short periods (up to and including 21 nights) or the letting out of existing holiday homes. The regulation that follows this Bill should not impede these scenarios unnecessarily.

¹ Focus Ireland Annual Report 2021 <https://www.focusireland.ie/wp-content/uploads/2022/10/Focus-Ireland-Annual-Report-2021.pdf>

² Restating our Vision 2021–25: Focus Ireland Strategic Plan (2021) <https://bit.ly/FIStrategy>

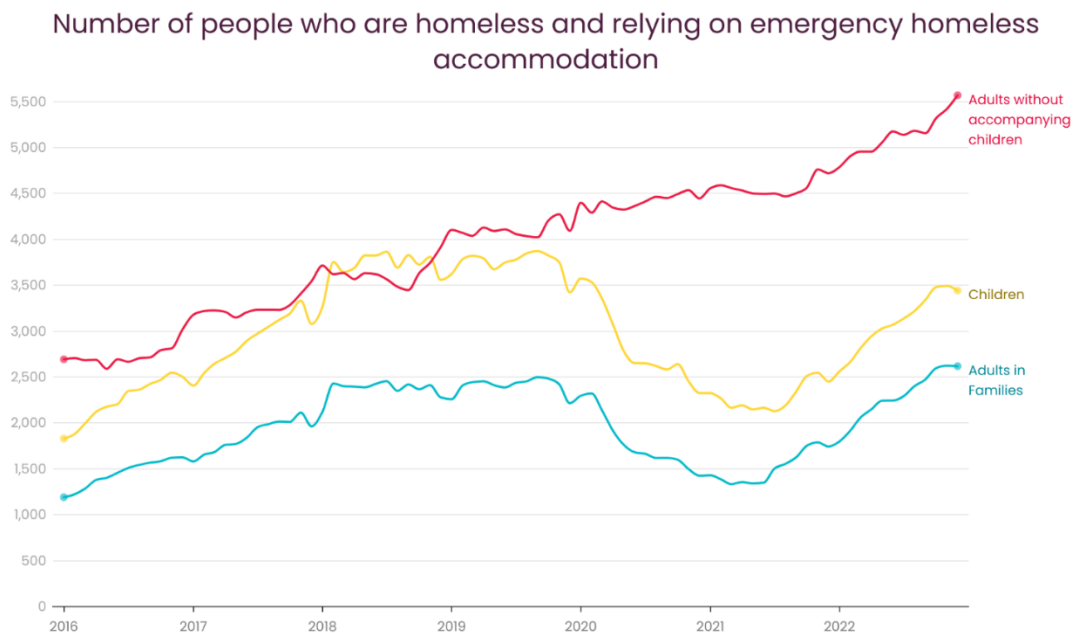
Of course, not all homes that are currently available for short-term let will be suitable for long-term rental use because of the type of property, the requirement of rental properties to meet certain building standards, the location of the properties and available public amenities. Regulation should identify such units and allow their continued use for short-term holiday letting.

To make any regulation effective it is essential to adequately resource key stakeholders such as Fáilte Ireland and the RTB, to fulfil their responsibilities in an efficient and timely manner. Under resourcing of any regulatory system will quickly bring it into disrepute and render it ineffective. Given the current supply shortage in the private rental market, every effort should be made to ensure that property owners transfer their properties to the long-term rental market rather than decide to sell up in response to the new regulation. Communicating a clear understanding of the responsibilities and obligations for landlords and property owners is also critical to implementing the measures outlined in this Bill.

The Current State of the Private Rental Sector

The number of people in emergency homeless accommodation reached a new record level of 11,632 in December 2022, including 3,442 children as shown in Figure 1. Last year was the first year ever recorded where the number of people in emergency homeless accommodation increased every month. Due to the worsening crisis, emergency accommodation is increasingly at capacity.

Figure 1:



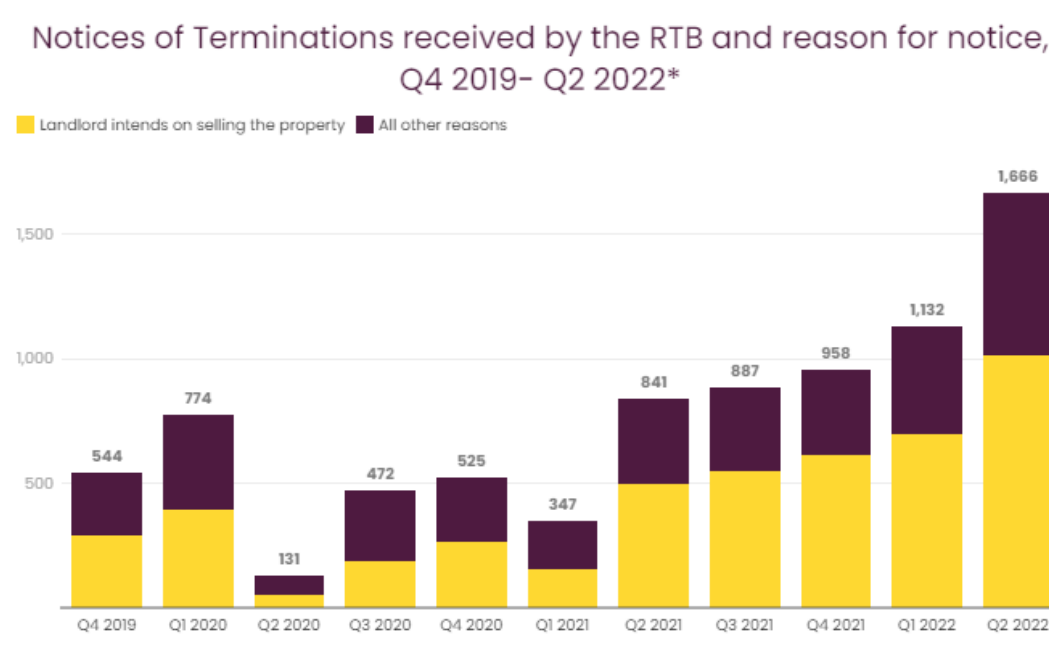
The above official homelessness data published by the Department of Housing identifies the number of people utilising State-funded emergency homeless accommodation on a regional and county basis in the last week of every month. The official figures only record those in state emergency homeless accommodation, but discounts those that are in 'own-door' temporary accommodation, domestic violence refuges, asylum seekers, people who are sleeping rough, and the very many who are 'hidden homeless' and staying with family or friends in insecure housing.

Chart: Focus Ireland • Source: Department of Housing, Local Government & Heritage

Prior to the introduction of the Winter Eviction Ban, emergency homeless accommodation across the country was at capacity³ and while that ban has reduced the inflow into of families into homelessness, emergency accommodation remains full. As a result, hidden homelessness is undoubtedly increasing.

The early warning system, created by legislation requiring landlords to inform the Residential Tenancies Board (RTB) when they issue a Notice of Termination, signals an alarming number of households are at risk of homelessness. The data available on NOTs indicates a shrinking private rental market which is halting exits from homelessness and putting more pressure on families and individuals at risk of homelessness. Of the 2,798 NoT issued in the first 6 months of 2022, 1,709-or 60%- were due to the landlord planning to sell the property as shown in Figure 2. The record level of homelessness and RTB data confirm what Focus Ireland services are seeing right across the country, families and individuals are receiving Notices of Termination for their homes and are unable to find anywhere else to rent. This was one of the primary drivers of the ban on ‘no-fault’ evictions beings introduced at the start of November 2022. Focus Ireland has made several proposals (which can be read [here](#)) that puts forward actions that should be taken during the ‘breathing space’ created by the eviction ban to prevent evictions rising again when the ban ends in March.

Figure 2:



³ Irish Times 20.10.22 ‘Majority of emergency homeless accommodation full or under major pressure’ <https://www.irishtimes.com/ireland/housing-planning/2022/10/20/majority-of-states-emergency-homeless-accommodation-full-or-under-major-pressure/>

Households facing this crisis include people in regular employment, parents with children with a disability, elderly people – in other words, people from all walks of life. Our current homeless crisis is caused by the fact that too few homes are available for the people who need them, and in that context, many of the housing units currently used for short-term holiday rents are a precious resource that are needed to alleviate homelessness.

The problem of families and individuals being evicted into homelessness arises in the private rental sector, but its deeper causes lie in a shortage of social and cost rental housing, not in the private rental market. While there may be disagreements about the scale and speed of delivery, the Government is correct in its view that the long-term solution is through construction of new social and cost rental housing.

However, while the construction of these new homes is underway – a period of 4-6 years, if Government housing targets can be met and housing need assessments are correct – other measures are needed to alleviate the harm that is done by homelessness. Preventing existing landlords evicting tenants so that they can sell their properties is one such measure, but bringing short-term lets back into the home rental market also has a role to play.

Estimates by the Department of Housing that approximately 12,000 new long-term rental homes could become available due steps taken as part of this regulation would make a welcome contribution - although would in no way be a panacea - to the record low supply of rental accommodation.

Importance of not just expanding but *keeping* new properties in the rental market

The extent to which housing units currently used for short-term letting could be released into the long-term housing market was demonstrated when the rapid constriction of the tourist market at the beginning of the Covid-19 pandemic in March 2020 increased the number of available properties to rent for long-term use across Europe. For example, the property website Rightmove saw listings for rentals increase by 45% in central London in the first three weeks of March 2020, with a similar increase seen in Greece and Paris.⁴ Ireland followed the same pattern, with Daft.ie reporting that the number of properties for long-term rent in Dublin city centre increased by 64%, and 13% nationally, in March 2020.⁵

The level of family homelessness fell significantly during the pandemic period. While this tends to be attributed exclusively to the eviction ban in place for much of that time, Focus Ireland analysis indicates that the increased availability of rental accommodation during the pandemic

⁴ https://www.feantsa.org/public/user/Resources/reports/FEANTSA-FAP_How_to_regulate_airbnb_Nov.2020.pdf

⁵ <https://www.irishexaminer.com/news/arid-30989241.html>

was also a significant factor⁶. While other factors, such as non-Irish workers returning home, contributed to this, the availability of former short-term lets was an important factor.

While the decision of owners to introduce a property to a long-term rather than short term rental at the beginning of the Covid-19 pandemic is no guarantee that these owners would be committed to becoming long-term landlords, these reports suggest that there are a considerable number of properties that could be used for long-term rental that are not currently being utilised by tourists.

Furthermore, while some have argued that short-term lets are heavily skewed towards homeowners *occasionally* renting a room in their home, research conducted in Lisbon suggests the opposite, where “investors replace local property owners and pursue higher returns by replacing long-term tenants with tourists”⁷. The priority must be making as many rental homes available as possible while at the same time constructing new social and affordable homes. This is especially important given the myriad of delays in housing construction caused by the Covid-19 pandemic and supply chain shortages. Indeed, the construction industry is still recovering from these delays in 2023.

If estimates are correct that 12,000 properties could be brought into the long-term rental market through measures contained in the Short-Term Tourist Letting Act 2022⁸, it is critical that reform is urgently prioritised by Government to not just bring these properties into the rental market but that efforts are focused on *keeping* these properties and potential new landlords in the private rental market.

It should not be presumed that these identified 12,000 homes will be smoothly and automatically transition into long-term rental options without the correct supports in place. Given the current negative coverage about the rewards from being a landlord, there is a risk that some property owners may decide to sell their property in response to the new regulation. Given the scale of the problems in the private rental sector, every effort should be made to reduce the extent of this.

In this regard, the proposals on resourcing Fáilte Ireland to regulate and monitor the new registration database including the undertaking of property inspections is welcomed. At the same time, it is critical that the Residential Tenancies Board is resourced to efficiently contend with potentially 12,000 new landlords entering the market, many with no previous experience

⁶ Focus Ireland- Is the Eviction Ban working (2023) <https://bit.ly/FIBlog0123>

⁷ Cocola-Gant, A., & Gago, A. (2021). Airbnb, buy-to-let investment and tourism-driven displacement: A case study in Lisbon. *Environment and Planning A: Economy and Space*, 53(7), 1671–1688.
<https://doi.org/10.1177/0308518X19869012>

⁸ <https://www.gov.ie/en/press-release/f5707-short-term-tourist-letting-register-to-be-established-through-new-legislation/>

of operating in the long-term rental market. The obligations and responsibilities of a landlord is considerably different to a person letting out a property as a holiday rental.

To bridge this knowledge and resource gap, a programme of once-off supports and training should be initiated by the Department of Housing, along with cross-departmental and interagency cooperation between the Department of Tourism, Culture, Arts, Sport and Media, Fáilte Ireland and the RTB to ensure that owners are supported and incentivised to comply with regulations as they transition their properties into the long-term rental market.

Furthermore, there have been many reports on the challenges that landlords and tenants face caused by capacity issues with the RTB⁹, whose remit has expanded considerably in recent years, as well as constant legislative changes affecting the private rental market, which must urgently be addressed.

Moreover, a targeted information campaign should also highlight the benefits of utilising other schemes for properties previously used for short-term lets; such as the Rent-a-Room scheme (which allows homeowners to rent out a room in their homes without tax implications if annual income under the scheme is under €14,000) to improve nationwide awareness of the scheme and encourage people to rent out a room in their home on a more long term basis.

Clarification on Rent of new properties in Rent Pressure Zones

Because the properties transferring from short-term lets to long-term lets will not have been rented for a period of two years, they will likely be exempt from Rent Pressure Zones limits. This means that while there could be an increased supply of new rental properties, these could be unaffordable for the most vulnerable households whose incomes will not be enough to afford new market rent. The RTB and Fáilte Ireland should coordinate and outline how the new lettings will interact with the Rent Pressure Zones to avoid market risk and distorted market rents in pressurised zones.

Regulation and Enforcement

The new Act for the first time should bring much needed scrutiny and better coordination of data from properties that have been operating under the radar for far too long. While this data will be critical to gaining a better understanding and regulating short-term lets, it is essential that the new regulation and enforcement process be rigorous, well policed and resourced, involve significant fines for abuse, and regular reports showing levels of application and high levels of compliance with regulations.

⁹ <https://www.independent.ie/breaking-news/irish-news/structural-and-it-issues-causing-big-backlogs-at-rental-regulator-director-says-42183356.html>

Conclusion

Overall, Focus Ireland supports the measures outlined in the Bill which will reduce the number of housing units being used as short-term lets when they could be available as long-term homes. Effective action on this is long overdue given the increasing pressures on housing in a shrinking private rental market and record levels of homelessness.

We welcome the measures outlined in the Bill aimed at improving the transparency on the identification and activity of short-term accommodation and the further emphasis on complying with regulations. While the regulation of short-term lettings is not a lasting solution to the housing and homeless crisis, enhanced regulation and enforcement measures will help reduce the numbers of families and individuals becoming homeless while lasting solutions, such as the rapid building of social and affordable homes, are progressing. To ensure compliance and efficiency in transferring new landlords into the market, it is critical to ensure the adequate resourcing of key stakeholders such as Fáilte Ireland and the RTB, and to ensure a coordinated and joined-up approach when considering how the Bill will interact with existing legislation such as Rent Pressure Zones and existing regulation and enforcement powers in the RTB to deal with disputes, compliance etc.

We believe that providing once-off training or online resources would help transition person who currently rent out properties on a short-term basis into becoming long-term landlords the pasting of the Act. Lastly, we believe that this Act is in line with current EU proposals on data sharing in relation to short-term lets, an action which has already proven successful in a European context as evidenced by the German Institute for Economic Research,¹⁰ while also providing a robust offence for non-registration to ensure compliance, and empowering Fáilte Ireland with both the necessary inspection and enforcement powers.

¹⁰ FEANTSA (2020) [The City is Ours! How to Regulate Airbnb in the Face of a Housing Crisis \(feantsa.org\)](https://www.feantsa.org/en/2020/05/20/the-city-is-ours-how-to-regulate-airbnb-in-the-face-of-a-housing-crisis/)