

Apartment Owners' Network

5 December 2017

Presentation by Mr. Frank McDonald

I will be talking this evening about what has truly become "the elephant in the room" -- the loss of a vast number of residential units in Dublin to short-let holiday accommodation via Airbnb and other online platforms at a time when the city is the grip of a housing emergency. Airbnb alone has more than 3,100 "entire homes" in Dublin available for short-letting. Add in Booking.com, HomeAway, the Key Collection and other platforms means the overall figure is likely to be as high as 5,000 at this stage.

I must admit that I have rented "entire homes" in places as far apart as Lisbon and Lima, but I would think twice about doing that now. Every day in Temple Bar, an Airbnb hot spot, I see tourists trundling their wheezy-bags through its cobbled streets looking for their holiday flats. That's why Temple Bar Residents sought a determination from Dublin City Council that a two-bedroom apartment on Crown Alley which had "earned" €79,300 in 2015 via Airbnb -- with 90 per cent occupancy -- required planning permission for a change of use from residential to commercial. This was upheld on appeal by An Bord Pleanála in October 2016.

In its ruling on our "Section 5" reference, the appeals board said the change of use to an apartment for short term holiday lettings "raises planning considerations that are materially different to the planning considerations relating to the permitted use as a residential apartment. In particular, (i) the extent and frequency of coming and going to and from the apartment by short term renters and servicing staff, (ii) associated concerns for other residents in respect of security and general disturbance, and (iii) the fully commercial nature of the activity."

Some management companies have taken action to curb short-term lets -- for example, Spencer Dock, where at least 100 of the 600 apartments in this complex had been turned over to Airbnb use. In the small apartment building where I live, we adopted an amendment to our head lease, which already specified that the five flats were for private residential use only, so we added "and no form of short-term letting for less than a calendar month without the prior written consent of the management company, which we run ourselves.

One of the reasons we did this was not just because of the disruption caused by strangers with keys to our building arriving at all hours of the day and night, hauling luggage up the stairs (we don't have a lift!) and possibly causing a noise nuisance by turning one of the apartments into a "party flat". We also had good reason to believe that the Block Insurance Policy would be invalidated by short-lets, largely because of the security issues. Every management company should look into this, in the interests of protecting long-term residents.

Virtually all of the residential units now being short-let do not have planning permission for this change of use, which means that they are operating illegally. Yet more than 12 months after An Bord Pleanála's landmark ruling in the Crown Alley case, nothing has been done to deal with this rampant illegality, apart from the Department of Housing and Local Government sending out a couple of circulars to local authorities, the latest of which deals with how they should assess a relatively small number of applications for short-let conversions.

Other cities have taken decisive action to deal with this highly-disruptive phenomenon. Last May, Berlin banned the short-letting of "entire homes" in a determined effort to recover an estimated 12,000 units which had been lost to the city's housing stock. Paris is also taking a hard line, with fines

of up to €25,000 for those breaking the law. "We can't have entire neighbourhoods or buildings turned into tourist homes," the chief housing advisor to the Mayor of Paris said recently.

Our approach, on the other hand, is akin to the eunuch in a harem. The Government is afraid of damaging tourism by cracking down on illegal short-lets, especially against the backdrop of a shortage of hotel rooms. Airbnb's European headquarters is located in Dublin, so there may also be an element of deference involved. Why else would former Housing Minister Simon Coveney have gone along with the notion of having a voluntary code -- after he had "consulted" Airbnb itself.

It's not as if the evidence is unavailable. Websites such as InsideAirbnb and AirDNA, which monitors the global impact of the agency, are full of information on its activities. AirDNA found that the biggest earner in Dublin was a large apartment in the south city centre that generates €165,495 per year, with an average daily rate of €650. A large house in Drumcondra was "earning" more than €150,000 per year, while a two-bedroom flat in Temple Bar makes more than €130,000 per year.

And the really bizarre and shameful thing is that all of this is happening at a time when homelessness in Dublin is at a record high, with more than 2,000 children going to school every weekday from hotel rooms or interim "family hubs". There is ample evidence from abroad to show that the short-let phenomenon is also contributing to an acceleration of rents generally. It is also compromising the security of apartment buildings, invalidating block insurance policies and causing serious nuisance to long-term residents: I know of one case where an Airbnb flat in Temple Bar was turned into a brothel for two weeks over the Christmas period in 2016. This is all deeply anti-social and must be brought to an end. Urgently.