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Complicated Ideology is Costing the State its Social Housing.

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PTRB fee is one buck that can't be passed

LINDA DALY
MARKET WATCH



POOR tenants can't get a break. The recent rent regulations were supposed to help relieve some financial pressure, but it looks as though certain landlords are heaping on more costs — or one landlord at least.

The Sunday Times came across a curious advert on Daft.ie last week. The landlord for a flat in Rathmines in Dublin is asking tenants to pay half the €90 landlord's registration fee to the Private Residential Tenancies Board (PRTB).

Upfront, some might argue, but very cheeky. There's confusion as to whether landlords have the law on their side.

A spokesman for the PRTB said: "The Act is clear that landlords are legally obliged to register tenancies with the PRTB in accordance with the provisions of the Residential Tenancies Act 2004. There is no legal obligation on the tenant to pay the fee."

He wouldn't go so far as to say that it was illegal for landlords to ask tenants to pay it.

Aideen Hayden, chairwoman for Threshold, the housing charity, has called on the PRTB to take a view on the practice.

"They [the landlords] are trying to pass on their legal responsibilities to the tenant, which I don't think is fair or justifiable."

A legal source is also warning that the practice could be "dangerous" for landlords. Tenancies signed with a clause demanding the tenant pay the PRTB registration fee could be regarded as unlawful, she said. "If a tenant were able to dispute the clause [with the PRTB board] and say that paying the fee put them under pressure financially then they could win damages."

Remember: if the registration fee isn't paid to the PRTB within one month of the tenancy commencement date, the landlord has to fork out the late fee of €180. It is the landlord who could face a €4,000 fine or six months' imprisonment, not the tenant.

Price Watch: Dublin 3

Clonliffe Avenue Ballybough
2-bed terraced

2010 €210,000

2015 €250,000

Up 19%

Summerville Clontarf
4-bed detached

2010 €647,000

2015 €650,000

Up 0.5%

Shelmaller Road East Wall
2-bed terraced

2010 €155,000

2015 €225,000

Up 45%

Cadogan Road Fairview
3-bed terraced

2010 €225,000

2015 €300,000

Up 33%

Source: propertyregister.ie



Business travellers are waking up to the idea of a home away from home when staying in a strange city

ON DEMAND

The trend for short-term serviced lets is creating opportunities for city centre landlords, writes **Cian Molloy**

Hotel stays are so impersonal. Yes, you may get the luxury of breakfast included but you will compromise on the space — especially in city centre hotels on the continent where single beds are often ridiculously small. Weary business travellers who want room to stretch their legs — and their bosses looking to cut down on accommodation costs — are turning to serviced apartments.

So big is the shift to serviced lets, worldwide, that the serviced apartment sector is the fastest-growing area in the hospitality industry, as corporate business travellers decide they want an alternative to a hotel stay. In the UK, the Association of Serviced Apartment Providers predicts the number of furnished apartments available for short-term lets is set to double over the next two years.

The sector is due to undergo a similar level of high growth in Ireland, not least because some of the fastest-growing serviced apartment operators in Britain are Irish companies.

Stacycity, which has more than 180 serviced apartments in Dublin city centre, also operates in Edinburgh, Liverpool, Manchester, Birmingham, London, Paris and Amsterdam. Chief executive Tom Walsh says his company is on track to double the size of its portfolio this year and to further accelerate its growth in the coming years.

By 2020, Stacycity will be operating between 10,000 and 15,000 bedrooms. "We are close to doing deals in a couple of Italian cities and in Barcelona and are looking

to access developments in Germany and the Nordic countries," says Walsh.

"When we started in Dublin we relied on our online presence for marketing. And because Dublin is such a leisure destination, our splits here would be about 50/50 leisure and business. Elsewhere, business travellers would dominate."

The Prem Group started with the Stephen's Hall Hotel in Dublin in 1989 and now owns, leases or manages 40 hotel properties across Ireland, the UK, France, Belgium and the Netherlands. It

has serviced apartments/suites on offer in Dublin, in nine British locations and in Brussels, and is set to open serviced apartment properties in 12 new cities including Antwerp, Rotterdam, Amsterdam and the Hague.

Prem Group chief executive Jim Murphy says: "Most of our clients — about 75% — are business people who are looking for a home-from-home environment."

"They would be staying with us a bit longer than they would at a hotel, on average about three weeks, and they want the

freedom to come and go as they please, without being stuck with having the same breakfast and dinner options day after day. Our apartments are also bigger than the average hotel room; our clients want that space."

For businesses — especially those with staff who travel regularly — there is one important benefit to encouraging their employees to opt for a serviced apartment over a hotel room: cost. Serviced apartments tend to be cheaper to set up than full-service hotels, because they don't need the manpower required for bars and restaurants. The operators can then pass that saving on to guests.

For landlords, offering serviced short-term leases can present their own benefits over longer-term lets. For a start, you don't have to give 90 days' notice before bringing a rent increase because it is likely that your tenant won't be hanging around too long.

You will still have to register with the Private Rented Tenancies Board if you are letting to someone who is not using the property for a holiday only. As soon as they move on you will be able to increase your rents in line with the market, rather than wait two years for an increase in line with the new requirements.

On the downside, short-term and serviced lets involve more management, and your property may remain empty in between lets. If you hand over your property to a management company, it might alleviate some hassle.

One such operator is Dialashortlet.com. Rather than owning or leasing properties, the company manages short-term lets

AS SOON AS YOUR TENANTS MOVE ON YOU WILL BE ABLE TO INCREASE YOUR RENTS IN LINE WITH THE MARKET

and services them on behalf of its landlord clients.

"We have properties in such places as the Gasworks, Hanover Quay, Gallery Quay, Millennium Tower and Herbert Park Apartments," says company founder Eithne Butler. "We don't do weekend lets, we do a minimum of one week — we are chiefly aimed at business people. We don't do stag and hen parties."

Again, it's all about the personal service for busy workers on the move. Before a guest comes to stay in a serviced apartment, Dialashortlet sends them information about local amenities. It also picks them up from the airport when they arrive.

"If requested, there will be a welcome hamper waiting for them with milk, tea, coffee, bread, cereal, and so on. If there are any problems during their stay, there is a mobile phone number they can call for help any time," says Butler.

The advantage of using a company such as Butler's is that it provides an all-inclusive

package, which is relatively flexible. You don't have to start setting up accounts with utility companies when your three-week stay to work on a project turns into a stay of three months.

"We are always looking for more properties to let — but they have to be right: they have to be pristine, of a higher than standard spec," says Butler.

Crucially, in this market, location is everything. Those who stay in these properties want them within easy walking distance of where they will be working. "Last year, we were so busy that when some of our apartments were due to be serviced, we had to take them off the market because there was no time when they were otherwise unoccupied," Butler says.

The demand is for apartments not houses, and for professionals the aim is to return to the apartment and put their feet up.

The services provided varies — at the very least an apartment will have full kitchen facilities, a dining area, a lounge area, a good television, probably in the living room and the bedroom, and high-speed wi-fi.

At some locations, the apartment is given a clean between each let, with the guests doing their own housework during their stay. More standard is a weekly clean-up and a weekly linen and towel change, but at some five-star facilities there is a daily maid service.

While the apartment operators won't operate dining or spa facilities, they can put you in touch with a caterer, if you want to host a dinner party, or with a masseur, if you need to have your aches and pains rubbed away.



Stacycity's chief executive Tom Walsh says his company is expanding throughout Europe

Complicated ideology is costing the state its social housing

Credit should always be given where it's due. Noel Dempsey therefore deserves a paragraph in Irish housing history for his innovative move in 2000, when, as environment minister, he decreed that developers must set aside one unit for social or affordable housing for every four they build.

Known as Part V, this put an onus on the private sector to contribute to social housing provision while also trying to ensure a degree of social mix.

Of course, most developers weren't as enamoured with the idea as the minister. Weekly church-going residents in some areas were also unimpressed with their potential new neighbours. Being Ireland it's easy to make your feelings known at the highest levels, and so it wasn't long until Dempsey's successor, Martin Cullen, neutered the requirement by allowing developers to provide land or money instead of housing.

The upshot was that instead of delivering 20% social housing, between 2002-2011 less than 4% of all homes built was social

housing: 9,393 houses in total, only 3,757 of which were for local authorities.

Dempsey's plan took pressure off local authorities to keep building social housing, which, in turn took pressure off government to keep funding local authorities to do so. One of the fundamental issues was the reliance on private sector house-

building activity, so when its output fell, so did social housing output.

Private sector output typically stops in a recession, which is exactly the time increasing numbers of people turn to the state for help with housing.

As a result of relying on the market to deliver, in 2007 local authorities produced 4,986 houses; in the first six months of 2015 only 20 were built. By the end of 2015 local authorities will be lucky to have produced 200 houses. To put this in context, the social housing waiting list is reported to contain about 130,000 applicants.

Until recently, the government's strategy hasn't been to beef up local authority housing output, but instead to rely on Approved Housing Bodies to supply social housing. Although there are hundreds of these AHBs in Ireland, only about a dozen produces housing in any volume, and these haven't the resources to build the numbers required by the housing waiting list.

Finally, the government has realised that the sensible option is to get the state involved in building social houses in appropriate numbers again, as they did from the 1930s to the 1960s.

They've done this by directing Nama to supply housing to local authorities, although about half of the houses offered are being rejected by local authorities as they require too much expenditure to bring them up to an acceptable standard.

A bundle of Public Private Partnership projects will deliver 1,500 social houses, the first 500 of which will be in six sites across Dublin. There has been no mention of tenure mix, so one assumes these will be sites comprised totally of social housing, which is not best practice.

There appears to be a greater focus on getting vacant social houses refurbished and re-let faster than was previously the case: in 2014 it took an average of six months for authorities to get their vacant houses repaired and re-let. A reduction — or not — in turnaround times will tell



Dempsey's 2000 legislation ensured a social mix at new developments

whether the problem is one of funding or of management.

The minister has also decided to alter the Dempsey/Cullen Part V requirement again. This time he has reduced the requirement for developers to supply social housing from one in five units, to one in 10, and only in developments of 10 or more,

rather than five or more. In return for lightening the developers' load, he has precluded land or money swaps.

So far, so good, but there are two issues here: first, most developments of 10 or more units are built in urban areas, meaning that purchasers of these will be paying for social housing

provision twice over — once in their own development, and again in taxes to fund social housing in rural areas where most housing developments are small or one-off builds and therefore don't include social housing. This brings the burden back to the local authority and to the taxpayer.

Second, negotiations between developers and local authorities over Part V provision must now take place before submitting a planning application. The agreement — which includes sensitive commercial information — must then become part of the planning application, which is a public document. This is crazy.

If planning is granted for anything other than what was applied for, then the Part V calculations are incorrect and negotiations have to start again. This is causing serious delays.

Ideology has been behind much of the failure to deliver social housing in the past two decades, but when ideology fails, as it has, then the state needs to get its house in order. So far, but much further to go.

LORCAN SIRR
ON THE HOME FRONT

