

WE ARE IN CRISIS

August 2020

I started to look into these issues as I was amazed at the high cost of rent family members had to pay in Wellington. As I researched I kept coming back to the same conclusion that part of the cause was the uninhibited growth of Short Term Rental Accommodation (STRA) eg Airbnb. The **failure** to address a very important issue has had a snow ball effect on housing, the accommodation sector, jobs, mental health etc.

To be honest I cannot understand why nothing has been done and I can only assume it is because the actual magnitude of the impact has not been realised by the government or to be honest anyone in the political arena. It is almost as if it is a taboo subject.

It has been said to me that no political party will do anything as Airbnb are too strong and that many politicians will either have a vested interest and will want to leave things status quo or are too afraid to upset voters. But I refuse to believe that or am I just being naïve.

What we are seeing is a **failure by the government** to listen to and regulate STRA's, resulting in a

- **Shortage of rental properties** created by the movement and growth into the STRA investment market.
- **Increase in rental prices disproportionate to income.** Interestingly post lockdown that Rents show no growth for the first time in three years. Based on supply and demand effect on rental price, one would have to wonder if this is in part due to Airbnb owners transitioning to long term rental. This is a nationwide problem 'Some councils have also noted that diversion of private accommodation away from the long-term rental market to short term visitor accommodation is also having an impact on housing affordability" Page 80 Local Government Funding & Financing Draft Report. July 2019.
https://www.productivity.govt.nz/assets/Documents/faacf52aab/ProdCom_Draft-report_Local-government-funding-and-financing.pdf
- **Increase in the number of people who are homeless and needing Housing support.**
<https://www.hud.govt.nz/assets/News-and-Resources/Proactive-Releases/f41acf93b7/Cabinet-Paper-Preventing-and-Reducing-Homelessness-in-New-Zealand.pdf> PREVENTING AND REDUCING HOMELESSNESS IN NEW ZEALAND
'23. There appears to be a lack of growth, or a reduction in the size of the rental housing stock in many of these locations. This is driven by increased population growth, demand from seasonal workers and, in part, by demand for short-term holiday rentals⁴ which has pushed up house prices and rents.
Housing 2030 <https://www.lgnz.co.nz/assets/Uploads/51ae63cc26/Housing-2030-A3-28-June-2018-FINAL.pdf> and <https://www.lgnz.co.nz/assets/Uploads/4766994b19/Housing-2030-A3-22-July-2019.pdf> Unpacking the impacts of accommodation-sharing on local housing stock in New Zealand (this is in draft and so not available online, however I have managed to get a copy... **attached**)
- **Increase in the need for Emergency and transitional Housing.** An example of this can be seen in the increase use of motels for WINZ clients. Aside from the disruptive impact, the financial burden on an already struggling economy is again mind boggling. The mental impact on people being in a state of 'Limbo' from where it is hard to move forward.

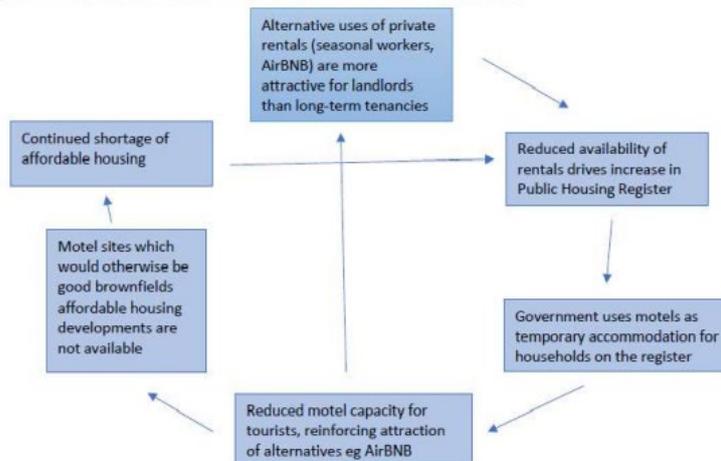
There is extensive information showing that the growth of STRA (in particular P2P, as the platform makes it difficult for councils to enforce their District plan and in most instances rely on complaints from the public) **has impacted on housing supply and affordability.** This is also highlighted in **the 'Homelessness Action Plan' July 2020** <https://www.hud.govt.nz/assets/Community-and-Public->

[Housing/Support-for-people-in-need/Homelessness-Action-Plan/271a3c7d79/Homelessness-Action-Plan.pdf](https://www.hud.govt.nz/assets/News-and-Resources/News-Articles/3cd16ad709/Hastings-place-based-assessment-report-December-2019.pdf)

page 21.states 'in some areas in New Zealand, pressures in the housing market are especially acute and have resulted in significant increases in homelessness. These factors have been further exacerbated by... **demand for Short term holiday rentals which has pushed up house price and rents.**'

As outlined in <https://www.hud.govt.nz/assets/News-and-Resources/News-Articles/3cd16ad709/Hastings-place-based-assessment-report-December-2019.pdf> 'Improving outcomes for Hastings whānau and communities Initial plan for responding to housing and urban development challenges in Hastings District' page23

Figure 11: Interrelated issues which affect lower income households



<https://www.hud.govt.nz/assets/News-and-Resources/News-Articles/3cd16ad709/Hastings-place-based-assessment-report-December-2019.pdf>

However this government ignores any reports and does not acknowledge that a National STRA Register would allow for regulation and enforcement, which would in turn address one of the causes of the housing shortage and affordability problem.

The exponential growth of airbnb and the like, has caused Human habitat fragmentation putting us on the course towards the destruction of our very own 'human habitat'. (if humans were cuddly animals there would be an uproar). The same environmental problems of selfishness, greed, apathy and resignation by people and governments at all levels globally have led to this problem.

Councils throughout New Zealand have been grappling with how to regulate the short-term accommodation industry, which is growing throughout the country. This is being debated at the moment in Christchurch and Nelson.

'Local councils need more policy options and resources to address the impacts of accommodation sharing platforms. The data also supports the perception that in areas that once housed long-term residents, there is now a disproportionate number of tourists.'

The introduction of compulsory registration may deliver some quick wins in both reintroducing housing stock to the rental market. It may also ensure a level playing field for accommodation providers contributing towards the provision of infrastructure and amenities to support high-quality visitor experiences.' <https://localgovernmentmag.co.nz/airbnb-impact/>

LGNZ made significant progress on a remit calling for more equitable outcomes for all accommodation providers by requiring registration of all guest accommodation providers. Throughout 2019, LGNZ surveyed councils and collected information on accommodation sharing,

resulting in a report sent and letter sent to Minister Shaw in December 2019 requesting support and the budget to create a registry. This remit was endorsed by the Productivity Commission's report on funding and financing, following submissions made by LGNZ.

<https://www.lgnz.co.nz/assets/Uploads/Annual-Reports/2020-Annual-Report-web-version.pdf>

Julie White, CE of Hospitality New Zealand is part of a working party with MBIE and others looking at ways to establish a STRA Register and regulation within present legislation. However I am concerned about the actual degree of importance it has been weighted with.

We may be able to forgive the government initially for the delay in taking action against Airbnb and the like, on the basis they needed to see proof of impact, but there is no excuse now. There is over three years of proof.

It would appear that part of the problem is that Airbnb has some of the best 'spin doctors'. When any contentious issue arises they manage to turn it around in the media and we all go 'wow they are amazing'. The worrying thing is even some of our governing bodies are taken in as well. But it is time to face the facts and look at the real picture.

Worldwide, governments have been battling with the impacts of 'Airbnb' and many have taken action. If our government had learned from other countries and listened to its own local governments, small business owners and industry associations we would have a softer 'Housing Crisis'.

Many factors and failures have resulted in the 'housing crisis' we now face. To help mitigate the problem as many of those factors as possible need to be addressed. But some are just being ignored.

"Housing is a basic human right and allows people to live with dignity," the Prime Minister said in May 2019. More than two years later have shown that these are just words with little action.

Waiho i te toipoto, kua i te toiroa

Let us keep close together, not wide apart.

This whakatauki speaks to the importance of keeping connected, of maintaining relationships and dialogue so that we can keep moving forward together.