



'Not for Housing' Housing: Widening the Scope of Housing Studies

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Abstract: *Historically, the main focus of the study of housing in advanced economies has been on houses that meet the accommodation needs of households: houses as the main residence of families. In recent decades there has been the growth in the numbers of houses used for purposes other than as a main residence, for example in the forms of the recent global spread of Airbnb and of foreign engagement in housing as an investment tool; alongside a set of 'for housing' houses (FHH) another, overlapping, set of 'not for housing' houses (NFHH) is emerging. The present paper begins by identifying four types of NFHH, and considers the significance of their growth. It argues that while the NFHH sector is relatively small it has large impacts, and these are such that they challenge housing researchers and policy makers to develop additional ways of looking at housing systems.*

Keywords: comparative housing policy; globalisation; land markets and housing policy.



Introduction

The standard dictionary definition of a house is a building in which people, as families or households, live: housing is for housing (what is termed here FHH). Even the recognition that housing also had a financial significance - as in discussions about housing asset based welfare - still largely assumed that somebody was going to live in the house. Indeed, the embedding together of home, housing and household lie at the heart of housing policy frameworks and contemporary understanding of housing markets. In recent decades, however, there has been the growth in the numbers of houses used for purposes other than as a main residence, for example in the forms of the recent global spread of Airbnb and of foreign engagement in housing as an investment tool. This is what we term here as ‘not for housing housing’ (NFHH).

Actually, from the 1970s it was already apparent in many countries that some part of the housing stock, albeit small, was used for non-housing purposes: second homes for leisure, as an occasional retreat away from the main residence (Coppock 1977), or as a *pied-à-terre* in the city. As such uses increased so too did scientific interest. That interest was, nevertheless, largely without housing research communities. As Paris (2009:293) put it: “There is a literature on second homes, but not a *housing* literature”.

Over the last decade that picture has been rapidly changing. On the one hand, it has been recognised that the boundaries between different categories of land and building use have become increasingly ‘permeable’ (Madanipour 2017; Ferrerri et al 2016), and ‘fluid’ (Pettit et al 2018). As part of that, the incidence of NFHH appears to have increased both in diversity – in other words, there have been new types of NFHH – and, although the precise numbers are not known, also in volume. Significant here has been the recent expansion of airbnb which has led to many buildings being removed from the stock available as housing to become available as hotels (Gurran and Phibbs 2017; Lee 2016). On the other hand, there has been some movement of interest into the mainstream housing studies literature. One strand has been the study of the housing investments of international wealth elites seeking investments in key locations around the world in the form of houses some of which are rarely, if ever, actually used to house families or individuals (Rogers and Koh 2017; Pow 2016; Fernandez and Aalbers 2016). Some of the issues generated by these developments are also beginning to feature more prominently in housing policy arenas at the international level (Farha 2017). Another strand has been the focus on new technologies such as matching markets, big data, GIS mapping software and blockchain (Fields 2018; Pettit et al 2018), that while promising opportunities to better match housing stock with demand, have also facilitated more effective ways to tap into – often at distance – the latent wealth potential of housing.

The present paper begins by identifying four main categories of NFHH – second homes, foreign buying of investment properties, houses as hotels and houses as offices - bringing together under a single category information about phenomena that hitherto have often been treated separately. It continues by considering whether NFHH is sufficiently significant that it should be allied to the study and practice of FHH? Finally, it considers some of the issues involved in expanding housing studies in such a direction.



Types of NFHH

NFHH can be seen as having four sub-categories although the dividing lines between the sub categories and indeed with the FHH sector are permeable – or fluid (Pettit et al 2018) so that sub-category membership is neither always clear cut nor permanent.

Second homes

Currently, across the Eurozone countries, about 12% of households own at least one dwelling in addition to their principal home (Wind et al 2019). About half of these have acquired additional properties to become landlords letting residential properties, hence contributing to the FHH sector. In many western countries over the last decade there has been an increase in this phenomenon (Arundel 2017; Ronald et al 2016). But, there has also been a long term upward trend in the number of people that have been acquiring houses, additional to their main residence, for their own, leisure use, on an occasional basis (Paris 2009). In so doing they can be categorised as in the NFHH sector.

Overseas investment

In recent decades there has also been a large increase in the use of residential property as an overseas investment. Such investments appear to be concentrated mostly in first-tier cities such as London and New York, luxury tourist destinations such as Davos and Cabo San Lucas and second-tier cities that are also urban cultural centres, such as Paris and Amsterdam. Mainland China has become the largest source of foreign purchases in many countries including the UK, USA, Australia, Canada and Hong Kong (Anderlini 2015). Some of these purchases will be by non-citizens who nevertheless work in the country in which they have purchased housing and intended for use by their family as their main residence, while others are seeking to let their properties for residential purposes (National Association of Realtors, 2016; Scanlon et al 2017). Such properties can be considered as part of the FHH sector. But, some overseas investment contributes to the NFHH sector: investment undertaken for personal leisure purposes, and the use of residential property as a safe-deposit box, housing owned but left empty and unused in a secure location, with a view to being realised at some future date (Farha 2017; Fernandez et al. 2016).

Houses as hotels

A third major development has been the increasing use of houses as holiday lets. While there are a number of companies linking house-owners to customers, the best known is Airbnb which was founded in 1998 and has expanded to 191 countries. By 2017, London had 42,646 listings of which about 50 per cent were entire dwellings, the corresponding figures for Amsterdam being 13, 849 and about 80 per cent (Insideairbnb 2018). In many locations the number and proportion of entire dwellings, available for let for most of the year, and the number of owners with more than one listing has increased rapidly. These trends point both to the increasing professionalization of the activity as well as a transfer of building use from private renting (FHH) to airbnb (NFHH).



Houses as offices

Following the lead of the Airbnb model, platforms have been established through which office accommodation is made available (Borzykowski 2017). In some cases the accommodation has been purpose built as offices, but some include ‘spare’ rooms offered by home owners while others have been adapted from buildings formerly intended, and sometimes previously used, as residential accommodation (see Gale 2017). A proportion of the listings therefore constitutes an element of NFHH. Unlike Airbnb the platform ownership is more diverse, for example Breather operating in North America (and London), Ofixu in London, and OptionSpace in Berlin.

The significance of the NFHH sector

The issue considered here is whether the trends in NFHH sectors have particular significance for FHH sectors, to the point where analysis of the latter requires analysis of the former. They can be summarised as relating to size – how big is NFHH relative to the FHH sectors – and impact – to what extent does the NFHH shape the FHH.

Numbers and location

It is clear from ad hoc surveys – for example, real estate surveys covering individual cities – that aspects of the NFHH sector are of significant size, albeit geographically uneven. For example, according to Newmark Grubb Knight Frank’s Global Cities 2017 report, in the 12 months leading up to June foreigners spent \$26.5 million in Manhattan and \$25.0 million in London on property. In relation to airbnb, one estimate is that during the summer of 2014, 66,320 people stayed in airbnb lettings in the Marais district of Paris, this being slightly more than the 64,795 who live there (French et al 2015).

But beyond concluding that there are a lot of them, they are growing in number and are highly clustered, little else can be said about their incidence: quite simply, harmonised and systematic data on levels and trends in the NFHH sector are not available.

Most data about national and local housing systems are collected by and made available through national statistical offices, and organisations such as Eurostat and OECD. Some surveys provide information about the size and quality of housing stocks with other surveys focussing on the users of houses. However, these surveys are predominantly grounded in an assumption that the physical structures that are commonly referred to as houses are used precisely for that purpose – that is, to provide accommodation in which families live.

Whereas quantifying the NFHH sector – size, location, ownership, use and so on – may be considered desirable, there are a number of special difficulties. Proxy indicators such as foreign ownership (because foreign citizens may actually be living in the houses as workers in the country or as retirees, for example) or Airbnb listing (because it may simply be for a single room within the family residence) may not be useful. Further, as Pettit et al (2018) note the object of measurement is characterised by fluidity. Physical structures may be used at the same time for both FHH and NFHH purposes, and they may move over time from FHH to NFHH



and back. For example, a foreign owner may keep a property empty for a while (NFHH) and then let to a family as a place to live (so FHH) and later as a place to 'holiday', maybe through Airbnb (and therefore NFHH).

The impact of NFHH on FHH

But even if numbers are large and growing, does NFHH impact on FHH? In many countries there has been a specific recognition by the authorities concerning the impact of Airbnb on the existing hotel industry and its effect in promoting a boost in the scale of tourism that may stretch local infrastructure (Pinkster and Boterman 2017). Historically, there have also been concerns about impacts on the availability and cost of housing in the FHH sector. Paris (2010) reviews evidence of the impact of second homes in coastal areas. One side of the argument has been that in areas of low demand, as people have migrated to the cities for work, the growth of second home may have helped to boost the local housing market as well as bringing economic activity to the area. Another side has been that 'rich' outsiders bid up house prices effectively pricing locals out of the market and forcing them to move away, leading to further decline of the local economy.

The latter argument aligns more closely with contemporary widespread concern about the newer NFHH sector (Lee 2016). Its impact can be seen to operate in two ways. Firstly, NFHH uses may take properties out of the FHH stock. If Airbnb or Ofixu listings relate to a spare bedroom, then the activity might be viewed as an intensification of use, with no direct impact on the supply of FHH. But, if landlords are shifting their properties from the FHH sector to Airbnb or Ofixu listings there is a consequent reduction in the size of the FHH stock. Likewise, if overseas buyers are purchasing properties that are then kept vacant, or are used occasionally, as second homes, they reduce the FHH stock. In these ways, NFHH reduces the supply of housing for use as housing resulting in a tendency for prices for FHH to increase.

Secondly, NFHH uses may outbid FHH uses resulting in upward pressure on FHH prices. In the FHH sector housing is used as the main residence of households, and the price that households are willing and able to pay (in rent or purchase price) is grounded in the local labour market, and specifically incomes and how much monthly rent/mortgage they can support over the long-term. So, the rent that a landlord can expect from letting accommodation to a household as their main residence will be grounded in incomes in the area in which it is located (as well, of course, as other characteristics of the accommodation such as its size, quality and access to work opportunities). In neighbourhoods where NFHH becomes dominant however, for example where there is high demand from tourist visitors, local income factors are likely to be superseded in the estimation of potential rents and prices by landlords and investors. Somewhat paradoxically, diminishing affordability has often been pitched as an argument for extending the reach of platforms such as Airbnb, assuming that this increases the earning capacity of local residents and thereby ameliorating the impact of higher rents (see, for example, Gurran and Phibbs 2017)

If, as Lee (2016) argues, these developments are happening in markets where there is already high demand and the opportunities for additional supply are limited, the result will inevitably be an increase in housing costs in the 'for housing' sector. Supporting this is a detailed empirical analysis of the housing market in Vancouver which found that foreign buyers, even when they were resident, had frequently arrived with established wealth and sometimes continued to earn



income outside the country. Collectively, they contributed to “disconnecting Vancouver’s housing from local labour markets” (Moos and Skaburskis 2013). Similarly, an econometric study of England and Wales has concluded that although the incidence of foreign ownership of homes has been quite narrowly concentrated in London and several of the larger provincial cities, the impact on prices has cascaded through all areas, leading to an average price rise of 19%, and to falls in rates of home ownership (Sa 2017).

Conclusions: issues for housing studies

The recent emergence of several types of NFHH begs a number of questions that can also be thought of as framing research agenda for, and the scope of, housing studies.

One set of questions concerns how we can understand what is happening. At one level, which social, political and economic developments underlie the rise of overseas investment in housing, for example, and are these different to what underlies other NFHH? The existing literature provides important insights. The acquisition of housing, as a foreign buyer, for investment motives can be seen as embedded in income and wealth inequality, and in financialisation in the senses of both viewing the ends that housing can meet and the ease of movement of capital (Fernandez et al 2016). In contrast, the acquisition for tourism and office business can be embedded in the development of platform capitalism (eg Pettit et al 2018).

At another level, how can we interpret the combined consequences of the different types of NFHH: how far is the notion that NFHH is symptomatic of a greater fluidity in the use of buildings helpful? Can we usefully understand that fluidity, for example, as a special case of Bauman’s concept of liquid modernity? Indeed, it seems as if the built form, previously considered unquestionably solid, under conditions of liquid modernity – where the way members of society act ‘change faster than it takes the ways of acting to consolidate into habits and routines’ (Bauman, 2005, p1) – is also becoming more liquid, with liquification intensified by emerging digital and financial technologies of global capitalism.

Following on from theoretical issues, a second set of questions concerns what the rise of NFHH means for method and analysis in housing studies. One example can be found in the tranche of housing research that has focussed on house price inflation, some concerned with whether prices are rising beyond what the economic fundamentals will sustain thus exhibiting features of a bubble (eg Girouard et al 2006, Sprigings 2013). In such studies the economic fundamentals – the number of households seeking housing, their incomes and prevailing interest rates – are considered as being ultimately based on housing in the local or national economy. The evidence we present in the penultimate section of this paper, however, is that demand for the different sub categories of NFHH are not based on local economies, nor even the national economy in which the NFHH is located. In times when housing was used primarily for its social function, housing markets used to be of interest to the domestic population only (Paris, 2013). Pow (2016) describes how “the rise of a transnational class of super-rich housing investors has disrupted nationally bounded understanding of the housing market”. As a result capital has become de-territorialized from the native land and re-territorializes or “fixes” at places that are attractive. Our understanding of such concepts as house prices, housing wealth, and affordability, therefore, and the way they interact with households, for example in mobility and tenure decisions, are incomplete without recognising that they are also features of the interactions of FHH and NFHH sectors. The lesson from the recognition of NFHH is that housing systems as



they once were, based on providing housing services to local populations and subject solely to local and national forces, do not provide a useful template for analysis of contemporary housing systems.

But, if housing studies is to incorporate NFHH, this will necessitate a different research infrastructure; here, vital to our understanding of the nature, scale and impact of NFHH is improved data. At the present time, for most geographical units we can get a picture of FHH and NFHH only by piecing together different sources, collected at different times according to different criteria. Especially given the fluidity of NFHH, in most countries and cities improved data means more frequent than, say, decennial censuses. It will also require data collected by dwelling and not by household.

It also means new ways of categorising land or housing use. Most existing statistical sources used by housing researchers - indeed central to the bulk of housing research over the last half century (at least) - are based on recording housing by tenure, leading to analyses about the size and trajectory of home ownership and social housing sectors for example. The existing typologies, however, assume that dwellings are occupied for housing purposes, thus, the terms 'home ownership' and 'owner occupation' are often used as if they were equivalents. Incorporating NFHH into our analysis may require us not only to prioritise the term 'owner occupation' but also require additional categories such as 'owner unoccupied' and 'private non-housing rental'.



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