

## Research Briefing

By Hannah Cromarty

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# The growth in short-term lettings (England)



## Summary

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### Contributing Authors

Shadi Danechi, Megan Harding, Cassie Barton, SGS, Section 1;  
Gabrielle Garton Grimwood, SES, Sections 2.1 and 4.3;  
Phillip Brien, EPAS, Section 3  
Antony Seely, BTS, Section 4.7  
Mark Sandford, PCC, Section 4.8  
Bukky Balogun, SES, Section 4.9

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## Summary

The number of short-term lettings in England has increased significantly in recent years, due to the development and growth of the ‘sharing economy’ and ‘peer-to-peer’ accommodation services such as Airbnb.

These online platforms essentially provide marketplaces which connect people who want to rent out their properties or spare rooms with people seeking short-term accommodation.

## Restrictions on short-term lettings

Outside London, there is no specific limit on the number of days a property can be let out on a short-term basis. It is up to the local planning authority (LPA) to make a judgement as to whether a letting amounts to a material change of use, for which planning permission must be sought.

Different rules apply to London homeowners. Those who wish to use residential premises for short-term accommodation for more than 90 nights in a calendar year must seek planning permission from their LPA.

Alongside planning rules, in some cases tenancy, lease and mortgage agreements may prohibit or restrict short-term lettings.

## Concerns around the growth in short-term lettings

Proponents highlight the benefits of the accommodation sharing economy for consumers, providers and the economy in general. However, concerns have been raised about the negative impacts associated with the rapid growth in short-term lettings and their concentration in certain neighbourhoods.

Key concerns include:

- commercial operators using residential properties as letting businesses in breach of planning rules.
- the challenges local authorities face in taking planning enforcement action and the effect on local housing markets.

- negative effects on neighbours and local communities, for example from noise disturbance and anti-social behaviour.
- taxation compliance and compliance with health and safety regulations.
- the implications for traditional short-term accommodation businesses such as hotels and bed and breakfast accommodation.

## Calls for greater regulation of short-term lettings

There have been calls from a range of organisations, commentators and politicians for greater regulation of the sector.

The Government has committed to consult on the possible introduction of a Tourist Accommodation Registration Scheme in England. It intends to publish a call for evidence in early 2022, to assist in developing policy options for the consultation.

## Regulation of short-term lettings in other countries

The Scottish Government has given local authorities the power to introduce '[short-term let control areas](#)'. It is also introducing a licensing scheme for short-term lets. Subject to approval by the Scottish Parliament, local authorities will have until 1 October 2022 to establish a licensing scheme and existing hosts will have until 1 April 2023 to apply for a licence.

The Welsh Government is consulting on proposals to amend the development management system and planning policy in Wales to help LPAs manage short-term holiday lets. It has also consulted on the effectiveness of local taxes for self-catering accommodation and is exploring the potential for a statutory registration scheme for holiday accommodation.

All tourist accommodation in Northern Ireland must be certified by Tourism NI, a non-departmental public body of the Department for the Economy.

Outside the UK, many European countries and cities have introduced, or are in the process of introducing, measures to regulate short-term lettings. Regulatory approaches vary according to contextual factors, such as the housing market, tourism economy and local land use law.

## 1

# Statistics on short-term lettings

There is evidence that the number of short-term lettings in England has increased significantly in recent years, in particular due to the development and growth of the 'sharing economy' and 'peer-to-peer' accommodation services, such as Airbnb. These online platforms essentially provide marketplaces which connect people who want to rent out their properties or spare rooms with people seeking short-term accommodation. This section of the briefing paper examines data on short-term lettings.

## Box 1: Defining the sharing economy

The 'sharing economy' is sometimes referred to as the 'peer-to-peer economy', the 'collaborative economy' and various other similar names.

Broadly, these concepts mean that the companies involved have the following characteristics:<sup>1</sup>

1. They offer services online, often via an app
2. They allow customer-to-customer transactions
3. They give access to a service or good that is under-utilised
4. Customers often pay for access to a service or good, rather than ownership

Sharing economy companies exist in many sectors. In the accommodation sector, sharing economy platforms include Airbnb, Vrbo UK, Under the Doormat, HouseTrip and One Fine Stay.

However, it should be noted that the sharing economy is evolving and the definition of the sharing economy remains a source of discussion.<sup>2</sup>

Airbnb is widely regarded as the market leader in the short-term accommodation sector. In 2018 the European Commission estimated that Airbnb accounted for 62% of the sector's revenue in Europe.<sup>3</sup>

<sup>1</sup> ONS, [The feasibility of measuring the sharing economy: update](#), November 2017

<sup>2</sup> ONS, [The feasibility of measuring the UK sharing economy: October 2020 progress update](#), October 2020, section 5

<sup>3</sup> European Commission, [Study to Monitor the Economic Development of the Collaborative Economy at sector level in the 28 EU Member States](#), February 2018, p52



## 1.1

## Where are short-term lettings listed?

There is no single, definitive source of data on short-term lettings in England. This is because of the diverse nature of the sector, which can range from commercial visitor accommodation, such as hotels and bed and breakfast accommodation, to individuals letting spare rooms through sharing economy platforms, and the fact that providers can offer accommodation across multiple platforms.

The GB Tourism Survey, run by Visit Britain and Visit England, estimates there were 11.76 million trips involving self-catering accommodation in Great Britain in 2019.<sup>4</sup> This is the most recent data available due to the suspension of data collection during the Covid-19 pandemic.<sup>5</sup>

The Altus Group, a real estate advisory firm, estimates that on 1 August 2021 there were around 67,600 second homes in England classified as holiday homes.<sup>6</sup> This is an increase of 11,500 holiday homes (+22.5%) since the start of the pandemic. This analysis is based on Government data on second homes and represent homes which are now used as commercial premises.

Airbnb is one of a number of providers of listings for short-term lettings. It is the best-known company operating in this area and is generally held to be leading the market. Analysis by Moore Stephens, a financial services company, suggests that in 2018 Airbnb was around a third of the size of the hotel sector in London.<sup>7</sup> Because discussion on the growth of short-term lettings tends to focus on Airbnb, most of the research and data available is about Airbnb lettings – hence the focus on Airbnb for the rest of this section. Hosts may use other websites instead of or in addition to Airbnb; **the figures in the rest of this section use Airbnb as an example for understanding the short-term lettings market and are not intended to be comprehensive.**

## 1.2

## Data on lettings through Airbnb

Data on the extent of Airbnb use is available from two sometimes contradictory sources: data published by Airbnb itself and analysis by external organisations using listings data taken from Airbnb's website.

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<sup>4</sup> Visit Britain, GB Tourism Survey 2019, [GB – All Trip Purposes 2019](#) tables. Total excludes caravan and camping trips.

<sup>5</sup> Visit Britain, [GB Tourism Survey \(domestic overnight tourism\): Latest results](#) (accessed 29/12/21)

<sup>6</sup> Altus Group, 11,500 Homes “Flipped” To Holiday Retreats During Pandemic, 6 September 2021 (accessed 30/12/21)

<sup>7</sup> Moore Stephens, [Airbnb now approximately a third of the size of the hotel sector in London](#) (accessed 17/07/18)

## Data from Airbnb: lettings across the UK

In 2018, Airbnb published [a report](#) with summary statistics on the types of lettings offered on its platform in regions across the UK.

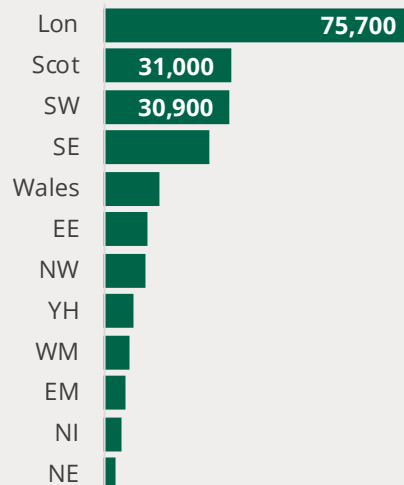
According to the report, there were around 223,200 active listings posted between July 2017 and July 2018 (Airbnb define an active listing as any listing that appears in a search, regardless of availability) resulting in 8.4 million guests using Airbnb in the UK. 58% of listings were for an entire home rather than a room or shared room within a home.<sup>8</sup>

The report also provides summary data on guests and hosts in the countries and regions of the UK. London had the most active listings of any region (75,700), followed by Scotland (31,000) and the South West (30,900). Lowest numbers of listings were in the Northern Ireland and the North East, which both had fewer than 5,000 listings. Regional trends were similar when adjusted for the population living in the area, although Northern Ireland ranked much higher on listings per 1,000 residents (sixth highest out of the twelve countries and regions). London has the most listings per 1,000 residents (8.5) followed by Scotland (5.7).

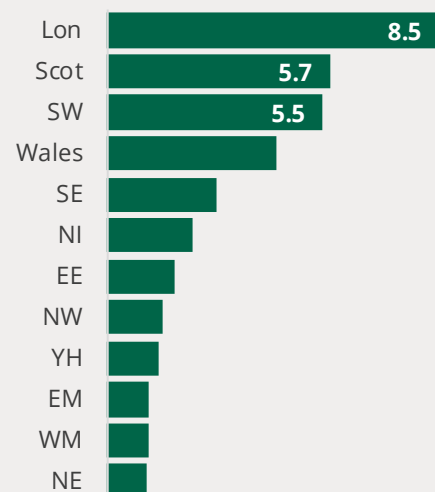
### Airbnb listings: how do different parts of the UK compare?

As reported by Airbnb for July 2017 to July 2018

**London had more active listings than any other region...**



**...and the most listings per 1,000 residents**



Source: Airbnb Citizen, [Airbnb UK Insights report](#)

Key: NE = North East; NW = North West; YH = Yorkshire and the Humber; EM = East Midlands; WM = West Midlands; EE = East of England; SE = South East; SW = South West; Lon = London; NI = Northern Ireland

<sup>8</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), 2018, pp7-8

All regions saw substantial growth in the number of listings compared with the previous year, with more growth in the smaller markets.<sup>9</sup> Northern Ireland saw a 58% rise to 4,100 listings and the East Midlands saw a 55% rise to 5,100 listings. Scotland already had a relatively high number of listings, and these rose by 48%. Listings in London rose by 18%.

The Airbnb report also provides data on the average number of nights for which listings were occupied over the year. This figure is limited to listings that were active in July 2017 and had at least one booking during the year. Scotland ranked highest on this measure, with listings booked for an average of 42 nights in the year. The lowest average (in Wales) was 27 nights – still close to a full month.

Data on the median income earned by a ‘typical host’ from their listings is also provided in the report. By this measure, hosts in Scotland earned the most income – £3,800 per year on average.

Research and analysis beyond Airbnb’s own reports has used more recent data from Airbnb listings to look at trends in more depth. Examples of this research are discussed below.

## Airbnb in London

Research on Airbnb has tended to focus on London, which has more Airbnb listings and visitors than any other part of the UK.<sup>10</sup>

Data on the number and type of listings on Airbnb is collated by [Inside Airbnb](#), an independent, US-based organisation which analyses and presents data scraped from the Airbnb website. The data Inside Airbnb collects is publicly available, and the most recent dataset at time of writing was for 10 October 2021. Inside Airbnb also publishes an [interactive map](#) showing recent data on listings.

Airbnb itself does not endorse the data published by Inside Airbnb. It has argued that Inside Airbnb’s data does not properly identify active listings, and does not account for the fact that multiple listings might be for the same property.<sup>11</sup>

According to Inside Airbnb’s data, there were 67,903 listings in London on 10 October 2021, of which 37,947 (56%) were for entire homes rather than rooms within a home. This was a decline of 20,226 listings (or a 23% decline) compared to 15 March 2020 (shortly before the first national lockdown due to the Covid-19 pandemic).

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<sup>9</sup> Figures for the previous year are those published in the 2017 edition of the [Airbnb UK Insights Report](#).

<sup>10</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), 2018

<sup>11</sup> Bloomberg, [Meet Murray Cox, the man trying to take down Airbnb](#), 23 May 2019

In the recent years prior to the Covid-19 pandemic, London Airbnb listings were increasing. The number of listings in London grew by almost five times (378%) between April 2015 and March 2020.

Inside Airbnb's data also allows for a breakdown by London borough. The table overleaf shows which London boroughs had the most listings (in absolute terms and per person), the highest proportion of 'entire home' listings, and the highest proportion of hosts who had multiple listings. Certain Inner London boroughs rank highly on several of these measures, including Westminster, the City of London, Kensington & Chelsea, and Camden.

# Airbnb activity: how do London boroughs rank?

As reported by insideairbnb for October 2021

Most listings		Most listings per 1,000 population			
1	Westminster	7,230	1	City of London	32.5
2	Tower Hamlets	5,679	2	Kensington and Chelsea	30.5
3	Hackney	5,178	3	Westminster	26.8
4	Kensington and Chelsea	4,788	4	Hackney	18.4
5	Camden	4,619	5	Tower Hamlets	17.1

% of listings for entire homes		% of hosts with multiple listings			
1	City of London	84%	1	City of London	69%
2	Kensington and Chelsea	78%	2	Westminster	64%
3	Westminster	72%	3	Kensington and Chelsea	60%
4	Camden	64%	4	Camden	53%
5	Hammersmith and Fulham	63%	5	Hillingdon	50%

Sources: Inside Airbnb, [London data download for 10 October 2021](#), Accessed 29 December 2021; Office for National Statistics, [Mid-2020 population estimates](#)

The Greater London Authority (GLA) published [research into short-term and holiday letting](#) in February 2020, primarily using data from Inside Airbnb for May 2019.<sup>12</sup> The research found that there had been growth in the number of Airbnb listings across all London boroughs, with the biggest increase in absolute terms taking place in Westminster.

The research also looked at how many listings Airbnb hosts were offering. The majority of hosts (84%) had one active listing associated with their profile, while around 10% had two active listings.<sup>13</sup> Just under 6% of hosts had between three and ten active listings. Meanwhile, just under 1% of hosts had more than ten property listings but these 280 hosts managed 15% of the active lettings listed on Airbnb between them. There were five hosts with over 100 listings attributed to them.

<sup>12</sup> GLA, Research note 2020/04: [Short-term and holiday letting in London](#), February 2020

<sup>13</sup> For the purposes of this research, an 'active' listing was defined as one that had been reviewed within the past year.

The GLA research also looked at the value of Airbnb lettings in London. It found that the average price of an actively-listed Airbnb property in May 2019 was £109 per night. The average varied by type of listing: £149 per night for an entire home, compared with £52 per night for a private room.

The GLA compared these averages with the mean monthly rent for private-sector tenancies in London. The research found that an average private-rented sector tenancy would be worth around £20,710 per year in rent if let year-round. An average Airbnb listing would bring in considerably less than this if let for 90 nights per year (£9,810) and would need to be let for 190 nights a year to equal the gross revenue from a private-rented sector tenancy.<sup>14</sup>

## Airbnb elsewhere in the UK

The Guardian published an [article in February 2020](#) that used data from Inside Airbnb to compare the extent of Airbnb listings in neighbourhoods across Great Britain. It found that London and Edinburgh had the highest absolute numbers of Airbnb listings, but that some rural areas also had a high rate of listings relative to the number of residential properties in the area. The Guardian found a high ratio of listings to actual properties on the Isle of Skye and in Devon and the Lake District, amongst other areas.

Airbnb has criticised this analysis, according to the Guardian article:

Airbnb questioned the accuracy of the findings, emphasising that unusual listings such as caravans or large manor houses, used for events, may not affect the local housing stock. It said some listings may be booked for only a few nights a year.<sup>15</sup>

The Guardian's analysis does not distinguish between entire-home and single-room listings.

Inside Airbnb has made available data for Bristol, Edinburgh, and Greater Manchester:<sup>16</sup>

- As of 15 October 2021, Inside Airbnb recorded 6,146 listings in Edinburgh, of which 67% were for entire homes. Recent data for Edinburgh is available [as a map here](#).
- There were 3,289 listings in Greater Manchester as of 24 October 2021, of which 59% were entire homes. [A map of recent data is available here](#).
- 1,562 listings were recorded in Bristol as of 25 October 2021, of which 60% were entire homes. [A map of recent data is available here](#).

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<sup>14</sup> GLA, Research note 2020/04: [Short-term and holiday letting in London](#), February 2020, pp22-23

<sup>15</sup> [‘Revealed: the areas in the UK with one Airbnb for every four homes’](#), The Guardian, 20 February 2020

<sup>16</sup> Inside Airbnb, [Get the data](#) (accessed 31/12/21)

## 1.3

# Sykes Staycation Index

Skyes Holiday Cottages are one of the leading independent rental agencies in the UK. There are around 12,700 privately-owned holiday cottages in England listed on their website, and a further 1,000 in Scotland and 3,500 in Wales.<sup>17</sup>

The [Sykes Staycation Index 2021](#) examines the UK domestic tourism market through an analysis of internal bookings and consumer research of 2,000 UK adults carried out in June 2021.

Sykes analysis shows that the pandemic has resulted in a significant increase in interest from second home owners looking to list their properties as short-term holiday lets. New owner enquiries were up 91% ahead of domestic travel reopening on 12<sup>th</sup> April 2021.<sup>18</sup>

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<sup>17</sup> [Sykes Holiday Cottages website](#) (accessed 30/12/21)

<sup>18</sup> Skyes Holiday Cottages, [The Sykes Staycation Index](#), 9 July 2021

## 2

# Restrictions on short-term lettings

## 2.1

### Planning restrictions

#### Has there been a change of use?

Outside London, there is no specific limit on the number of days a property can be let out on a short-term basis – it is up to the local planning authority to make a judgement on the facts of the case as to whether a letting amounts to a material change of use, for which planning permission must be sought.

This was explained in the Government’s 2014 [Review of Property Conditions in the Private Rented Sector](#):

In England, the planning system groups common uses of land and buildings into specific classes. Planning legislation specifies that the change of use of land or buildings requires planning permission if it constitutes a material change of use.

In the short-term letting sector this means that a person may be able to rent their residential property provided that it does not amount to a material change in use i.e. provided that a house is primarily used as a home first and short-term letting accommodation second. Local planning authorities will consider each case taking into account, for example, the amount of a property which is used as a short-term let, frequency of use, whether the property owners live in the property whilst it is used as a short term let.<sup>19</sup>

Visit Britain publishes a [Pink Book of Legislation](#), offering advice to owners of holiday properties. This offers a general guide to the planning issues – including change of use - that may arise when starting a self-catering holiday business and points out that whether a material change of use has taken place may sometimes be “a grey area”.<sup>20</sup>

In the case of [Moore v SSCLG and Suffolk Coastal District Council](#), Sullivan LJ considered the question of when a use of a dwelling house (St Audry’s) for commercial holiday lettings amounted to a material change of use.<sup>21</sup> In his judgement, Sullivan LJ warned against “two opposite and equally erroneous extremes”: that any holiday or commercial letting use will inevitably amount to a material change of use and the opposite that such a use can never in any circumstances amount to a material change of use. An article on the case in

The Commons  
Library briefing  
[Planning In  
England: Permitted  
development and  
change of use \(SN  
485\)](#) provides more  
information about  
the planning use  
class system.

<sup>19</sup> DCLG, [Review of Property Conditions in the Private Rented Sector](#), February 2014, paras 48 & 49

<sup>20</sup> Visit Britain, [The Pink Book online: Legislation for tourist accommodation](#) (undated, accessed 23/12/21)

<sup>21</sup> [Moore v SSCLG and Suffolk Coastal District Council](#) [2012] EWCA Civ 1202

the Local Government Lawyer summarised some of the factors that Sullivan LJ considered in reaching a decision in this particular case:

At St Audry's, the size of the house and hence its capacity, in particular when rooms were shared, combined with the close proximity of a large number of neighbours, some within the same building created an unusually problematic situation which was exacerbated by limited parking, a shared driveway and refuse bins, open grounds and the likelihood of unintentional trespass. The inspector had devoted 10 paragraphs of his decision letter to a consideration of the differences in land use which he summarised as the pattern of arrivals and departures, with associated traffic movements; the unlikelihood of occupation by family or household groups; the numbers of people constituting the visiting groups on many occasions; the likely frequency of party type activities, and the potential lack of consideration for occupiers.

To say that there was no material change of use would have been, as Sullivan LJ said, contrary to common sense.

(...)

Thus, the character of the use of the house and the effect of that use on the character of the area remain important indicators of when a material change of use may have occurred, and when a house, arguably, is no longer a home.<sup>22</sup>

## Outside London

As noted earlier, outside London, there is no specific limit on the number of days a property can be let out on a short-term basis, although it is up to the local planning authority to determine whether there has been a material change of use for which planning permission must be sought.

## London

London has, since the 1970s, been subject to different rules.

Section 25 of the Greater London Council (General Powers) Act 1973 ("the 1973 Act") restricts the use of residential premises in the 32 London boroughs and the City of London as temporary sleeping accommodation. This is achieved by making such use a material change of use for which planning permission is required. The purpose behind the provision was to protect London's housing supply, for the benefit of permanent residents, by giving London boroughs greater and easier means of planning control to prevent the conversion of family homes into short-term lettings.

However, the development of accommodation sharing platforms such as Airbnb, and changes in the way that people want to use their home, led to calls for the short-term lettings restrictions in London to be relaxed.

Provisions were subsequently introduced through Section 44 of the Deregulation Act 2015 (which amended Section 25 of the 1973 Act) to relax the

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<sup>22</sup> [When a house is \(arguably\) not a home](#), Local Government Lawyer, 27 February 2013



restrictions to enable short-term letting of residential premises in London up to a maximum of 90 nights in a calendar year, without planning permission.<sup>23</sup>

Thus, homeowners in London who wish to use residential premises for short-term accommodation for more than 90 nights in a calendar year must seek planning permission from their local planning authority.

The provisions introduced through the 2015 Act require that at least one of the persons providing the accommodation must be liable to pay council tax at the property – thereby excluding business premises.<sup>24</sup> The legislation also enables councils to request that the Secretary of State agrees to small localised exemptions from the relaxation of restrictions, where this is needed to protect local amenity.<sup>25</sup>

## Planning enforcement

If it is determined that there has been an unlawful change of use – that is, a change of use where planning permission is required but has not been granted – then there are a number of planning enforcement options available to the local planning authority. These range from a temporary stop notice which can stop a specified activity at short notice, seeking a court injunction, and/or serving a planning enforcement notice.<sup>26</sup> The challenges facing local authority enforcement services are discussed in Section 4.3 of this briefing.

## 2.2

## During the Coronavirus (Covid-19) pandemic

Section 2.1 examined the restrictions that apply to short-term lettings under normal circumstances.

On 16 March 2020, the UK Government recommended that the population start to practice social distancing to help prevent the spread of coronavirus; this was followed by the start of a lockdown period on 23 March 2020.<sup>27</sup>

The Government published guidance for those providing hotel and other accommodation on 24 March 2020 which asked businesses providing holiday accommodation (including hotels, hostels, bed and breakfast

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<sup>23</sup> Ministry of Housing, Communities and Local Government (MHCLG, now the Department for Levelling Up, Housing and Communities, DLUHC), [Boost for Londoners as red tape slashed on short term lets](#), 26 May 2015. The DCLG paper [Promoting the sharing economy in London: Policy on short-term use of residential property in London](#) (9 February 2015) sets out the policy background.

<sup>24</sup> Section 44(3) of the Deregulation Act 2015

<sup>25</sup> Section 44(4) of the Deregulation Act 2015

<sup>26</sup> The Planning Practice Guidance on [enforcement and post-permission matters](#) (MHCLG and DLUHC, updated 22 July 2019) provides further information about all of these enforcement powers.

<sup>27</sup> Prime Minister's Office 10 Downing Street, [PM address to the nation on coronavirus](#), 23 March 2020

accommodation, campsites, caravan parks, boarding houses and short-term lettings) to take steps to close for commercial use as quickly as possible.<sup>28</sup>

[The Health Protection \(Coronavirus, Restrictions\) \(England\) Regulations 2020](#) (SI 2020/350), which came into force on 26 March 2020, required all businesses providing holiday accommodation to close during the emergency period. The legislation permitted some exceptions to this rule, for example where accommodation was used for the homeless and key workers.<sup>29</sup>

Scotland, Wales and Northern Ireland introduced similar restrictions in response to the coronavirus emergency.

In early April 2020, the BBC reported that some Airbnb hosts were breaching the legislation by continuing to rent out their properties, in some cases advertising them as "Covid-19 retreats" and "perfect for isolating with family" in the British countryside. In response to the BBC's findings, Tourism Minister, Nigel Huddleston, said:

Our advice is clear. Essential travel does not include holidays, leisure travel and visits to second homes - and people must remain in their primary residence.

It is incredibly irresponsible, and dangerous for some property owners to be marketing themselves as 'isolation retreats'.

We are writing to companies today to remind them of their responsibilities at this time.<sup>30</sup>

Airbnb subsequently disabled its "instant book" function for whole properties.<sup>31</sup> The company also introduced a new online platform called [Frontline Stays](#) which enabled Airbnb hosts to offer accommodation to NHS and other frontline responders.<sup>32</sup>

Most hospitality businesses were permitted to reopen on 4 July 2020. However, a second national lockdown was introduced in November 2020, followed by a third national lockdown from January to March 2021.<sup>33</sup> On 8 March 2021, England began a phased exit from lockdown. Under step 2 of the Government's [roadmap out of lockdown](#), holiday lets were allowed to reopen from 12 April 2021.<sup>34</sup>

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<sup>28</sup> DCMS and DHSC, COVID-19 advice for accommodation providers, 24 March 2020 (now archived)

<sup>29</sup> Regulations 5(3) and (4) of The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 (S.I. 2020/350) as amended by The Health Protection (Coronavirus, Restrictions) (England) (Amendment) (No. 2) Regulations 2020 (S.I. 2020/500).

<sup>30</sup> 'Airbnb hosts defy lockdown laws with 'Covid-19 retreats'', BBC News, 6 April 2020

<sup>31</sup> Ibid.

<sup>32</sup> Airbnb, [Frontline stays for COVID-19 responders](#) (accessed 22/12/21)

<sup>33</sup> See: [Coronavirus: A history of English lockdown laws](#), Commons Library briefing CBP09068

<sup>34</sup> Cabinet Office, [COVID-19 Response - Spring 2021 \(Summary\)](#), 22 February 2021

## 2.3

# Contractual restrictions

Most tenants need their landlord's permission before they can sublet all or part of their home.

Local authority (secure) tenants have a right to sub-let a room in their homes (subject to the landlord's permission being granted) but they lose their security of tenure if they sub-let the whole of the dwelling. The Prevention of Social Housing Fraud Act 2013 made the unlawful sub-letting by secure and assured (housing association) tenants of social housing a criminal offence.<sup>35</sup> If the fraud is proven, the court can order the tenant to pay back any unlawful profit made from the subletting.<sup>36</sup>

It is the landlord's responsibility to manage their property, ensuring that the tenant understands their obligations under the tenancy agreement and that the tenant is meeting those obligations. Where a tenant breaches the terms of the tenancy agreement, the landlord can take action to repossess the property. The problem of subletting by tenants in breach of their tenancy agreements is not a new issue, although it is likely that accommodation sharing platforms are making it easier for them to do so.

Similarly, a leaseholder may be prohibited from using their property for short-term lettings under the terms of their lease agreement. Breaches of the lease agreement could be enforced through the courts.

Furthermore, homeowners might find that they need permission from their mortgage provider (if they have one) before using their property for short-term letting.

The Airbnb website provides information for hosts on [Responsible hosting in the United Kingdom](#), including the following advice:

### Contractual agreements and permits

Sometimes leases, contracts, building regulations, and community rules have restrictions on subletting or hosting. Review any contracts you've signed and contact whoever is responsible for your building and property (for example, your landlord, community council, or building manager) to understand what rules might affect your ability to host.

If everyone agrees, you might be able to amend agreements that restrict your ability to host

### Mortgage restrictions

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<sup>35</sup> [The Prevention of Social Housing Fraud Act 2013 s.1 & s.2](#)

<sup>36</sup> ['What social landlords need to do to combat Airbnb subletters'](#), Inside Housing, 5 August 2019 (subscription required)

If your property has a mortgage (or any form of loan), check with the lender to make sure that there aren't restrictions on subletting or hosting.

### **Subsidised housing restrictions**

Hosting in subsidised or social housing in the UK is illegal. If you host without permission, you may be subject to fines or criminal proceedings.<sup>37</sup>

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<sup>37</sup> Airbnb webpage on [Responsible hosting in the United Kingdom](#) (accessed 22/12/2021)

## 3 Positive impacts of the accommodation sharing economy

The All Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality Industry has argued that the sharing economy “provides enormous opportunities for tourism growth in the UK.”<sup>38</sup>

These opportunities fall into three categories: the positive impacts on the consumers of peer-to-peer accommodation services; the positive impacts on the providers; and the positive impacts on the economy in general.

### 3.1 Positive impacts on consumers

The Office of National Statistics estimates that 20% of adults in Great Britain (and 28% of 25 to 34-year olds) used intermediary websites or 'apps' dedicated to arranging accommodation (such as Airbnb, HomeAway, Onefinestay, SpareRoom etc) in 2019.<sup>39</sup>

Airbnb has stated that in London, 72% of properties offered on their platform are in neighbourhoods “outside the main hotel areas”.<sup>40</sup> This feature of Airbnb rentals means that they are often marketed as providing a “living like the locals” experience, which cannot be replicated in traditional forms of holiday accommodation. The 2018 [Airbnb Insights Report](#) found 78% of Airbnb users chose to use the site as they wanted to explore a neighbourhood.<sup>41</sup> Peer-to-peer accommodation can also increase capacity for tourists at peak times, for example during major sporting and cultural events. The Airbnb UK Insights Report outlines that for consumers, home sharing offers “... a fast-track to authentic experiences, comfortable living in spectacular homes and flexibility.”<sup>42</sup>

Peer-to-peer accommodation options can be cheaper than traditional accommodation options. This reflects the fact that the original business model of many of the sharing economy accommodation companies was to provide low cost alternatives to traditional hotels.<sup>43</sup> However, the rise of

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<sup>38</sup> APPG for Tourism, Leisure and the Hospitality Industry, [Inquiry into the sharing economy](#), 18 July 2018, p12

<sup>39</sup> ONS, [Dataset: Internet access-households and individuals](#), 12 August 2019, table 20

<sup>40</sup> Airbnb, [Economic impact: London and Edinburgh](#), 2014

<sup>41</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), 2018, p17

<sup>42</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), 2018, Foreword

<sup>43</sup> Conference paper from the 9<sup>th</sup> Symposium on Statistical Challenges in eCommerce Research: [The Hyper-local Economic Impact of Airbnb](#), June 2013, p2

online travel agents offering cheap and last-minute deals means that this feature of peer-to-peer accommodation is questionable.

Peer-to-peer accommodation is often marketed as fulfilling social or ethical objectives that traditional hotels cannot. Originally, many sharing economy accommodation companies were based on the idea of “collaborative consumption”, which tried to ensure that rooms were used more efficiently, and that food and toiletries were not wasted.<sup>44</sup>

## 3.2

### Positive impacts on providers

Peer-to-peer accommodation provides an opportunity for property owners to make money from their house, flat or spare room when they are not using them. This motivation is at the core of the sharing economy accommodation sector’s business model, and is seen as a breakthrough in the accommodation industry’s long running battle against under-utilised assets (such as hotels that sit empty for much of the year).<sup>45</sup>

Earnings from Airbnb vary widely depending on a range of factors such as location, accommodation quality and type, and the number of nights’ accommodation offered. Airbnb states that the “typical” UK host earns £3,100 a year on average from hosting.<sup>46</sup>

Providers of accommodation on sharing economy platforms can also benefit by being able to offer accommodation flexibly. This means that they can live in their homes for some of the year, and rent them out only when there is high demand. For example, the APPG for Tourism, Leisure and the Hospitality Industry cites the large increase in Airbnb accommodation on offer in Hull when the city was staging the City of Culture in 2017.<sup>47</sup>

## 3.3

### Positive economic impacts

#### Sharing economy accommodation sector

Airbnb estimates that between July 2017 and July 2018 hosts and guests using Airbnb contributed £3.5 billion to the UK economy (although no explanation is provided as to how this figure has been derived), with 8.4 million inbound guests travelling on the platform over this period.<sup>48</sup> In the year to July 2018, Airbnb consumers stayed an average of 3.1 nights,<sup>49</sup> and, according to Airbnb,

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<sup>44</sup> Sharing Economy UK, [The sharing economy in the UK](#), 18 January 2016, p4

<sup>45</sup> Bruegel, [An economic review of the sharing economy](#), 2017, p3

<sup>46</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), October 2018, p7

<sup>47</sup> All Party Parliamentary Group on Tourism, [Inquiry into the sharing economy](#), 18 July 2018, p11

<sup>48</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), October 2018, p5

<sup>49</sup> Ibid., p7

29% of guests said they would not have come to the UK, or stayed as long, if they had not used Airbnb.<sup>50</sup> This suggests that the tourist industry overall is positively impacted by Airbnb.

The offer of accommodation outside of traditional tourist areas by peer-to-peer accommodation services means that these areas could benefit from additional tourist spending as a direct result of the sharing economy. According to Airbnb, the average guest in the UK spends £100 a day, with 43% of that figure spent in the neighbourhood of the host's home.<sup>51</sup> But the desirability of this result has been disputed, with some commentators arguing that an influx of tourists puts greater strain on local amenities and residents could lose out.<sup>52</sup>

## Impacts of the wider sharing economy

In the UK, estimates of the size of the 'sharing economy' range from 1.1 million people to nearly 5 million people.<sup>53</sup> The wide range of these estimates may be because there is no formal definition of what constitutes the 'sharing economy' or the 'gig economy'. Businesses can also change the way that they operate over time – in particular, the ONS now considers Airbnb to be outside the scope of its measurement of the sharing economy, as the lettings on Airbnb now tend to be commercial in nature rather than space in people's private homes.<sup>54</sup>

A 2015 study from the research organisation NESTA examined the collaborative economy in more detail (although these estimates are not directly comparable to the figures above). NESTA found that 41% of the population had engaged in some kind of "collaborative activities" over the previous six months. The rate was highest among the 35-44 year old age band and among those in the highest socioeconomic classifications.<sup>55</sup>

Despite widespread engagement with sharing economy platforms, the European Commission describes the sharing economy's contribution to the overall economy as "modest": only around 70,000 people are directly employed in the sharing economy in the UK (not including those who use a platform to sell goods or services). Around 27% of these people are employed in the accommodation sector, and 32% in the transport sector.<sup>56</sup> The

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<sup>50</sup> Ibid., p17

<sup>51</sup> Airbnb Citizen, [Airbnb UK Insights Report](#), October 2018, p18

<sup>52</sup> The Culture-ist, [Is Airbnb helping or hurting local economies?](#), 25 April 2016

<sup>53</sup> The 1.1 million estimate is from RSA/Ipsos Mori, and the 5 million estimate from the European Commission/Eurofund. For more details, see section 5.2 of the House of Commons Library briefing CBP08045: [Employment status](#).

<sup>54</sup> ONS, [The feasibility of measuring the UK sharing economy: October 2020 progress update](#), 20 October 2020, section 5

<sup>55</sup> NESTA, [Towards an index of the collaborative economy](#), 13 May 2015, pp6 & 9

<sup>56</sup> European Commission, [Study to Monitor the Economic Development of the Collaborative Economy at sector level in the 28 EU Member States](#), February 2018, p34

combined revenue of the sharing economy is estimated at £3.8 billion, less than 1% of total UK Gross Value Added.<sup>57</sup>

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<sup>57</sup> Ibid., pp31-32; ONS, [Annual Business Survey 2016](#). All figures refer to 2016.



## 4

# Concerns around the growth in short-term lettings

The exponential growth in the sharing economy has transformed the short-term rental market. However, a range of interest groups, including local authorities, residents in tourism hotspots, conventional tourist accommodation providers and law makers, have raised concerns about the negative impacts of this rapid growth.<sup>58</sup> Some key concerns are discussed below.

### 4.1

## Commercialisation

Whilst peer-to-peer accommodation platforms were originally developed to enable homeowners to use their spare rooms or whole property for occasional rentals, evidence suggests that such platforms are increasingly being used by professional operators as a low-cost, effective route to rent out their properties.

The Greater London Authority (GLA) has carried out research into the extent of this practise using data from Inside Airbnb, an independent, US-based organisation which analyses and presents data compiled from the Airbnb website.<sup>59</sup> The GLA looked at the number of listings associated with each host, on the grounds that hosts with multiple properties were more likely to be using Airbnb commercially rather than letting out their own home or spare room on a casual basis.

The research found that while around 94% of hosts were listing one or two properties, a small proportion had three or more listings. Just under 6% of hosts had between three and ten listings, while just under 1% had more than ten listings. Hosts in this last category managed 15% of the active lettings listed on Airbnb at the time.

The GLA research report comments:

Airbnb does not identify when a host is a company. However, further research into the Inside Airbnb data on these super-hosts reveals that a significant proportion of listings in London were managed by commercial entities as opposed to individuals. These businesses offer a range of services including

<sup>58</sup> See for example: The Economist, [The backlash against Airbnb](#), 19 July 2018; New York Times, [Inside the hotel industry's plan to combat Airbnb](#), 16 April 2017.

<sup>59</sup> GLA, Research note 2020/04: [Short-term and holiday letting in London](#), February 2020

property management, short and medium/long-term letting agency, and guest experience supervision.

Often listings can be traced back to websites for commercial organisations where increased revenue (compared with standard open market rents) is cited as a benefit to renting a property short-term. Few of these managing agents' websites inform hosts of the 90-night limit. In February 2019, a BBC Inside Out investigation found that some property management companies were actively encouraging lettings beyond the limit.<sup>60</sup>

A key concern with the growing commercialisation of the sector is that residential properties may be being used as letting businesses without the required planning permission and protections for neighbours.

## 4.2 Breaches of the 90-night limit in London

As discussed in Section 2.1 above, homeowners in London who wish to use residential premises for short-term accommodation for more than 90 nights in a calendar year must seek planning permission from their local authority. However, there are concerns that some owners are letting in excess of 90 nights without the necessary planning permission.

Airbnb responded to concerns about breaches of the 90-night limit by voluntarily amending its systems, from early 2017, to automatically limit entire home listings in Greater London to 90 nights per calendar year. The Airbnb webpage: [I rent out my home in London. What short-term rental laws apply?](#) states:

### Why has Airbnb decided to do this?

We want to help ensure that home sharing grows responsibly and sustainably, and makes London's communities stronger.

This announcement follows an unprecedented six month project with partners across London to investigate how we can deliver the commitments that our platform is promoting responsible home sharing and remove unwelcome commercial operators.<sup>61</sup>

By February 2020 two other accommodation platforms (HomeAway and TripAdvisor) had also implemented a cap on bookings. The Mayor of London has encouraged other platforms to implement a cap.<sup>62</sup>

[Inside Airbnb](#) publish data on frequent lets in London. They use their own model, based on the number of reviews for a listing and the average length of stay for London, to estimate how frequently booked each listing is.<sup>63</sup> The GLA

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<sup>60</sup> Ibid., p18

<sup>61</sup> Airbnb webpage: [I rent out my home in London. What short-term rental laws apply?](#) (accessed 22/12/2021)

<sup>62</sup> GLA, Research note 2020/04: [Short-term and holiday letting in London](#), February 2020, para 1.17

<sup>63</sup> Inside Airbnb, [About Inside Airbnb](#) (accessed 22/12/2021)

used data from Inside Airbnb's occupancy model to estimate compliance with the 90-night rule as at May 2019.

The GLA research estimated that 23% of listings were occupied for over 90 nights in the year. Around half of these listings were located in either Camden, Kensington and Chelsea, Southwark, Tower Hamlets or Westminster.<sup>64</sup>

Airbnb's 2017 UK Insights Report included analysis of the impact of its automatic system that limits bookings of over 90 nights a year. It reported that 7% of lettings in July 2017 were above the 90-night limit, compared with 21% of lettings in July 2016. According to Airbnb:

This is a reduction of two thirds since the automated system was introduced, and this seven percent includes hosts who have confirmed they have the relevant permission to share their entire home for over 90 nights (such as serviced apartments) and those who accepted over 90 nights of bookings before the introduction of Airbnb's automated limits.<sup>65</sup>

The 2018 edition of Airbnb's UK Insights Report stated that 4% of listings in July 2018 were booked for more than 90 nights in the year.<sup>66</sup>

The Inside Airbnb estimate used by the GLA for May 2019 is considerably higher than the figures reported by Airbnb for July 2018. This is almost certainly due to differing methodologies: Inside Airbnb's figure is an estimate based on the available data, while Airbnb report directly on their internal data. Airbnb does not endorse the methodology used by Inside Airbnb.

Whilst Airbnb's data indicates a significant reduction in the number of lettings in London over 90 nights a year, commentators assert that there are ways for short-term accommodation providers to circumvent Airbnb's automatic restrictions, for example by creating users registering through different accounts or by using alternative online platforms.<sup>67</sup> [An undercover investigation by the BBC](#) in February 2019 found that property management companies were advising landlords on how to circumvent the 90-night restriction.<sup>68</sup>

## 4.3

## Planning enforcement action

As noted above, there is a concern that some professional landlords are turning residential properties into letting businesses without the required planning permission. If it is determined that there has been an unlawful

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<sup>64</sup> GLA, Research note 2020/04: [Short-term and holiday letting in London](#), February 2020, p20

<sup>65</sup> Airbnb Citizen, [Airbnb UK Insights Report \(2.7MB, PDF\)](#), September 2017, p50

<sup>66</sup> Airbnb Citizen, [Airbnb UK Insights Report, 2018 \(6.1MB, PDF\)](#), pp7-8

<sup>67</sup> All Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality, [Inquiry into The Sharing Economy](#), July 2018, p18

<sup>68</sup> ['London firms helping landlords break letting laws'](#), BBC News, 25 February 2019

change of use – that is, a change of use where planning permission is required but has not been granted – then there are a number of planning enforcement options available to the local planning authority (LPA).<sup>69</sup>

However, concerns have been raised about the challenges LPAs face in taking enforcement action when they have little information about which properties are being used for short-term lettings. Homeowners are not required to notify their local authority that they are using their property for short-term lettings, and listings on home sharing platforms do not provide information on the exact location of a property until a booking is made.

The London Assembly's Labour group has argued that enforcement in London is even more challenging, as local authorities must prove that a property has been let for more than 90 nights in a calendar year:

... London boroughs have never had immediate access to any information that confirms a property is being used for short-term lettings and there is no requirement to notify a borough of such an intention of use. Instead, the impetus is on boroughs to prove that a home is not only available for 90 nights a year but has been booked and occupied for that time.

Without accurate data on the number of nights booked, boroughs are only alerted through reports from local residents, requiring pro-active evidence gathering by the local authority. Without access to data, it is impossible to investigate and effectively enforce against breaches in short-term lettings.<sup>70</sup>

The increase in short-term lettings in some areas has placed extra pressure on local authority enforcement teams. The City of Westminster, for example, was investigating almost 1,500 properties for potential unauthorised use for short lettings as of September 2017.<sup>71</sup>

The GLA collected data on planning enforcement activity as part of its 2020 research report on short-term lettings in London. The research focused on the five boroughs with the most Airbnb listings (Camden, Kensington and Chelsea, Southwark, Tower Hamlets and Westminster). It found:

The five boroughs report that they have received very few planning applications for change of use for short-term letting. In addition, there have been no approvals for change of use for short-term letting, where the original use was residential.

The five boroughs also report that they have received numerous complaints related to short-term letting activity. Westminster reported 194 complaints associated with short-term letting in one year alone, relating to noise, waste and anti-social behaviour.<sup>72</sup>

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<sup>69</sup> Further information about all of these enforcement powers is in the Planning Practice Guidance, on [Enforcement and post-permission matters](#) (MHCLG and DLUHC, last updated 22 July 2019).

<sup>70</sup> London Assembly Labour, [More BnB? Short-term Lets in London's Housing Crisis](#), Tom Copley, January 2018, p3

<sup>71</sup> 'Task force to catch out landlords breaking 90-night rule', City of Westminster news, 12 December 2017

<sup>72</sup> GLA, Research note 2020/04: [Short-term and holiday letting in London](#), February 2020, p25

Between June 2015 and June 2019, these five boroughs had served over 600 Planning Contravention Notices between them, of which 462 were served by Westminster Council. The number of subsequent Enforcement Notices served was considerably lower (113), and none of the five boroughs reported any successful prosecutions.<sup>73</sup>

The All-Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality Industry's [Inquiry into The Sharing Economy](#) (July 2018) also highlighted the impact of funding cuts on local authority enforcement teams:

In addition, enforcement of the 90-day rule has proven virtually impossible for many local authorities in London due to their budgets and resources being significantly reduced due to austerity measures. The LGA said councils, which have already experienced unprecedented funding cuts since 2010, will see their central government funding further cut by £2.7 billion between 2018/19 and 2019/20. This 54% reduction in funding has resulted in the number of workers employed in compliance roles dropping significantly.<sup>74</sup>

## 4.4 Impact on housing supply

Concerns have been raised about the impact of the growth in short-term lettings on private rental markets. It is contended that the increase in the number of properties used for short-term lettings is reducing the amount of accommodation available for longer-term lettings, thereby exacerbating a shortage of housing supply in some areas and increasing rents.

It is very difficult to estimate how many properties that could be let as traditional private-rented properties are instead being advertised on online platforms such as Airbnb. Some listings may be lived in by hosts most or all of the time, whilst others may be being used exclusively for short-term lettings.

Furthermore, different areas of the country have experienced different rates of growth in short-term lettings and may therefore be impacted differently. The tables in Section 1 of the paper compare data on Airbnb activity in different regions of the country and in London Boroughs.

The Residential Landlords Association (RLA)<sup>75</sup> published a survey of its members in August 2017. The survey sample was limited to RLA members who chose to respond, and therefore isn't representative of all private landlords. 7% of RLA respondents said they had started to offer properties as short-term lets that they would have previously let in the private rented sector. The majority of landlords reported this shift was due to financial reasons and policy changes in the sector. The findings can't be generalised to the whole private rented sector, but provide an indication of RLA members' views and

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<sup>73</sup> Ibid.

<sup>74</sup> All Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality, [Inquiry into The Sharing Economy](#), July 2018, p19

<sup>75</sup> Nb The RLA merged with the National Landlords Association (NLA) in April 2020 to become the National Residential Landlords Association (NRLA).

evidence that some landlords have moved from long-term to short-term lettings.<sup>76</sup>

Independent research in 2019, commissioned by the Scottish Government, on the impact of short-term lettings on communities across Scotland, found that there had been a shift of properties from the residential sector to short-term lettings:

Host survey respondents stated that over a third of STL properties listed (36%) were previously either long-term residential lets, or owner-occupied homes. Many residents, community representatives and local businesses were concerned about the reduction of residential accommodation in their communities caused by short-term lets.<sup>77</sup>

It is contended that landlords have an incentive to move into the short-term lettings sector because lettings on a nightly basis command significantly higher income than longer-term lettings. Introducing her Private Members' Bill (see Section 5.6) Karen Buck reported:

Information provided to me by Westminster City Council based on Valuation Office Agency data indicates that a one-bedroom flat will rent for £495 a week locally on an assured shorthold tenancy, but for £1,561 a week if let on a nightly basis; that a two-bedroom flat can rent for £620 a week, but for £1,838 a week on a nightly basis; and that a three-bedroom property can rent for £950 a week on an assured shorthold tenancy, but £2,656 can be generated a week by a nightly let...<sup>78</sup>

The National Residential Landlords Association (NRLA) assert that Government policies, in particular changes to taxation, are incentivising landlords to move from longer-term rentals into the holiday lettings market.<sup>79</sup> Research commissioned by ARLA Propertymark (a representative body for letting agents) in 2019, found that ten per cent of landlords surveyed said they were 'very likely' or 'fairly likely' to offer short-term lets in the future in properties that they were currently using for long-term tenancies.<sup>80</sup>

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<sup>76</sup> RLA, [From long-term lets to short-term lets: is Airbnb becoming the new buy-to-let?](#), August 2017, p10

<sup>77</sup> ['Scottish Government publishes independent research on the impact of short-term lets on communities across Scotland'](#), UK Collaborative Centre for Housing Research Blog, 13 December 2019

<sup>78</sup> HC Deb 13 December 2017 c402

<sup>79</sup> NRLA, [Budget 2020: Action needed to halt fall in supply of homes](#), 18 February 2020

<sup>80</sup> ['Short-term lets could see tenants leave 500,000 properties'](#), ARLA Propertymark news, 31 January 2020

## 4.5

# Negative impacts on neighbours and local communities

The negative impacts on neighbours and local communities from a high level of short-term lettings and concentrations of such lettings in certain areas has been widely reported.<sup>81</sup>

Impacts may include:

- noise disturbance
- anti-social behaviour
- inappropriate disposal of food waste and general refuse
- reduced security
- overcrowding of properties
- a transient community less likely to care about the area they're staying in, undermining residential neighbourhoods and local communities

Local authorities and the police already have various powers to deal with noise nuisance, anti-social behaviour and other issues that may arise from short-term lettings.<sup>82</sup> Nevertheless, effective enforcement depends on neighbours making complaints and local authorities having the necessary resources to carry out investigations and enforcement action.

In London there is scope for a local authority (with the Secretary of State's consent) to direct that the right to short-term let without planning permission for up to 90 nights in a year is not to apply to particular residential properties or to residential properties in a particular area. Planning guidance states that:

The Secretary of State will consider each application for consent from a local authority on its merits, and all arguments are taken into account before a decision is made but directions may only be given if it is necessary to protect the amenity of the locality. A direction is likely to be necessary to protect the amenity of the locality where:

- there has been successful action against a statutory nuisance related to short-term letting; or,
- there has been successful enforcement action against a breach of section 25 or 25A of the 1973 Act.

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<sup>81</sup> See for example: : '[Profiteers make a killing on Airbnb – and erode communities](#)', The Guardian, 12 February 2018; '[When Airbnb rentals turn into nuisance neighbours](#)', Guardian online, 18 September 2016; and '[Increase in Airbnb rentals leads to huge rise in noise complaints](#)', Evening Standard, 1 November 2016.

<sup>82</sup> House of Commons Library briefing papers: [SN01012: Anti-social neighbours living in private housing \(England\)](#); [CBP7270: Tackling anti-social behaviour](#) and [CBP8040: Nuisance complaints](#) provide further information.

In this context “successful action” means that the notice has come into force and the person responsible has not complied within the relevant time period, and that there is no on-going appeal.

If the Secretary of State grants consent, the local authority may give a direction suspending the right to short-term let from that property or area. The position should be reviewed, such that the right is only removed for a reasonable and proportionate period of time, and the direction should be revoked when it is no longer necessary. A removal of rights can be secured against the relevant property by way of a local land charge.<sup>83</sup>

## 4.6 Sub-letting

The Residential Landlords Association (RLA)<sup>84</sup> has drawn attention to the issue of tenants renting in the private sector and sub-letting rooms or entire properties without their landlord’s permission. Such lettings could breach or invalidate mortgage and/or lease conditions and house insurance, and, depending on the frequency of lettings, could cause additional wear and tear to the property.

A survey of RLA members, published in August 2017, found that 7% of landlords reported that they had found their tenant sub-letting through Airbnb or similar platforms without their permission. The majority of properties where this had occurred were in London (55%), followed by the South East (14%), and the North West (7%). Unauthorised sub-lettings were primarily identified through regular property inspections (29%), complaints from neighbours (25%) and seeing the advert online (24%).<sup>85</sup>

## 4.7 Taxation compliance

In general, money earned through short-term lettings (on or offline) is income and will be subject to income tax.

Under the [Rent a Room Scheme](#), resident landlords can earn up to a threshold of £7,500 (from 6 April 2016) per year tax-free from letting out furnished accommodation in their home. From 6 April 2017 landlords renting out their entire property can earn up to £1,000 rental income tax-free (the ‘[property allowance](#)’); the allowance cannot be used for income earned under the Rent a Room scheme. Further to this, Gov.uk provides detailed guidance on the potential tax consequences of [renting out property](#).

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<sup>83</sup> DLUHC and MHCLG, Planning Practice Guidance, [When is permission required](#), last revised 19 May 2016, para 111 (Reference ID: 13-111-20160519)

<sup>84</sup> Nb The RLA merged with the National Landlords Association (NLA) in April 2020 to become the National Residential Landlords Association (NRLA).

<sup>85</sup> RLA, [From long-term lets to short-term lets: is Airbnb becoming the new buy-to-let?](#), August 2017, p9



In December 2017 the Government issued a call for evidence on the [operation of Rent a Room](#). This was in light of concerns that the original purpose of the relief - to incentivise individuals to make use of spare capacity in their homes, thereby increasing the supply and variety of low-cost residential housing - was being undermined, as many more landlords were claiming tax relief on accommodation rented out as short-term lettings through online accommodation platforms.

[In July 2018 the Government proposed](#) that it would amend the rules for this relief, to apply a new “shared occupancy test”: those receiving rental income will have to have shared occupancy of the residence in question for all, or part of the period, of occupation which gives rise to the receipts, to be eligible for tax relief on this income.<sup>86</sup> However, in the Autumn 2018 Budget the Government announced it would retain the existing qualifying test of letting in a main or only residence, and would “work with stakeholders to ensure that the rules around the relief are clearly understood.”<sup>87</sup>

The All-Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality Industry’s Inquiry into The Sharing Economy (July 2018) heard concerns that the use of peer-to-peer platforms made it easier for people to avoid paying the correct level of tax on short-term lettings. The APPG noted that it had not been presented with much “compelling evidence” to support this, nevertheless it recommended:

That HMRC undertake an analysis of tax compliance in the tourism accommodation sector as a whole with a view of determining whether or not there is a significant level of tax evasion and, if so, what the most appropriate mechanism to resolve this issue.<sup>88</sup>

In a [House of Lords debate on Short-Term Letting on 26 April 2018](#) the Lords Spokesperson for the Cabinet Office, Lord Young of Cookham, outlined Government action to address the non-declaration of income from rented property:

The noble Lord raises an important issue about the non-declaration of income from rented property. In 2013, HMRC launched an initiative to address the so-called tax gap. As a result, some 26,000 landlords came forward to self-correct undeclared income and £150 million had been collected by August 2017. Some 45,000 of what HMRC calls “nudge letters” have been sent out where there is third-party evidence of undeclared income.

HMRC has a fairly sophisticated IT system to collect data from a variety of sources to track down income. Of course, it can approach local authorities for information on, for example, housing benefit or other information they may have in order to safeguard the revenue.<sup>89</sup>

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<sup>86</sup> HMRC, [Income Tax rent a room relief](#), July 2018

<sup>87</sup> Budget 2018, HC 1629, October 2018, [para 3.10 \(2.6 MB, PDF\)](#)

<sup>88</sup> All Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality, [Inquiry into The Sharing Economy](#), July 2018, p21

<sup>89</sup> [HL Deb 26 April 2018 c1652](#)

The previous month the Government issued a call for evidence on [the role of online platforms in ensuring tax compliance by their users](#). The consultation closed in June 2018. In the light of responses it had received at the time of the Autumn 2018 Budget, the Government stated that it would “improve guidance for people and businesses earning money through online platforms, and to explore how greater use of data can further support sustainable compliance with the tax rules.”<sup>90</sup>

In answer to a PQ on this issue in November 2020 Treasury Minister Lord Agnew said: “HMRC understand that the short-term property letting market is a rapidly evolving sector and are working in partnership with companies such as Airbnb to address the tax consequences of these changes, supporting taxpayers in ensuring they are aware of their tax obligations and pay the right tax at the right time.”<sup>91</sup>

During 2021 the All-Party Parliamentary Group (APPG) for Entrepreneurship launched [an enquiry on the sharing economy](#). In its submission the Low Incomes Tax Reform Group (LITRG) raised concerns about the standards of tax compliance in this sector and, in particular, whether HMRC was providing sufficient guidance for users of online platforms to accurately report their income and pay their tax through self-assessment.<sup>92</sup> As part of its submission the charity noted that non-compliance “may well be accidental”, referring to the 2017 consultation on rent-a-room relief mentioned above:

Non-compliance with the SA system may well be accidental. For example, despite a government consultation several years ago seeking views on cutting short term holiday lets out of the scope of rent-a-room relief, we think it is likely that the relief is still being used when an entire property is let out (as opposed to just a room in a property), even though this was not the original intention behind rent-a-room relief.

However, given that the government response to the consultation acknowledged that ‘the rules around what type of activity qualifies for [the relief] are not currently clear’ and that no clarification was made, it seems likely to us that some ‘entire house’ hosts using rent-a-room relief are likely to be doing so under the mistaken belief their situation is covered.<sup>93</sup>

In December 2021 the APPG published its report, and as part of this noted that “workers in the sharing or gig economy are often unfamiliar with [self-assessment], struggle to budget for it correctly, and risk fines for late or incorrect payments”, going on to recommend that “HMRC should use creative solutions by trialling initiatives such as a specialist helpline and checklist for sharing economy workers.”<sup>94</sup>

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<sup>90</sup> HM Treasury, [Overview of Tax Legislation & Rates \(2.4MB, PDF\)](#), October 2018, para 2.46. For more details see, HMRC, [The role of online platforms in ensuring tax compliance by their users: Summary of Responses](#), 7 November 2018

<sup>91</sup> [PQ HL9469](#), 5 November 2020

<sup>92</sup> LITRG, [All Party Parliamentary Group for Entrepreneurship – Call for Evidence on the Sharing Economy](#), 29 November 2021

<sup>93</sup> [op.cit.](#) para 3.1.7

<sup>94</sup> APPG for Entrepreneurship, [Sharing economy briefing paper \(1.074KB, PDF\)](#), December 2021, pp 4-5

In July 2020 the OECD published a new framework for digital platforms to collect information on the income realised by those offering accommodation, transport and personal services through platforms and to report the information to tax authorities.<sup>95</sup> At the time of the Spring 2021 Budget the Government confirmed it would implement these model rules once it had consulted on the best approach for doing so.<sup>96</sup>

A consultation exercise ran from July to October 2021.<sup>97</sup> No further details have been published to date, although the Government included provision in the Finance Act 2021 (specifically [section 129 of the Act](#)), so that the Treasury may introduce regulations to establish the new reporting regime. These regulations are to be subject to consultation before they take effect and are not expected to come into force before 1 January 2023, with reporting not due until January 2024.<sup>98</sup>

In this context it is notable that in their call for evidence this year on the sharing economy, the APPG for Entrepreneurship found that there was support “for increased requirements for platforms to report the income of sellers on their platform to tax authorities, with the caveat that any reporting requirements were determined in line with the OECD process and were consistent globally.”<sup>99</sup>

## 4.8

## Business rates

A property must either be domestic (listed for council tax) or non-domestic (on the business rates list). Domestic properties are liable for council tax, and non-domestic properties are liable for business rates.

Some commentators have expressed concern that entire properties rented out through peer-to-peer platforms will not be assessed for business rates, unlike hotels or guest houses. However, properties listed on these platforms can pay business rates, depending on how often they are made available for rent.

The Valuation Office Agency (VOA) determines which list any particular property should be on, and assigns it a rateable value (for business rates) or a council tax band. The VOA Practice Note 8 provides the following information:

Section 66(2A) of the Local Government Finance Act 1988 provides that where there is an intention to provide short stay accommodation within the hereditament for more than 6 persons simultaneously then it shall be treated

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<sup>95</sup> OCED press notice, [OECD releases global tax reporting framework for digital platforms in the sharing and gig economy](#), 3 July 2020

<sup>96</sup> HM Treasury, [Overview of Tax Legislation & Rates](#), 3 March 2021, para 1.64

<sup>97</sup> HMRC, [Reporting rules for digital platforms](#), 30 July 2021

<sup>98</sup> HMRC, [Reporting rules for digital platforms](#), 3 March 2021

<sup>99</sup> APPG for Entrepreneurship, [Sharing economy briefing paper \(1.074 KB, PDF\)](#), December 2021, p4

as non domestic. Even if the letting accommodation does not exceed the 6 person rule, it can still be rateable if part of the hereditament is occupied by the provider of the letting accommodation as his sole or main residence and the use of the non domestic part is not subsidiary to the domestic use as sole or main residence.

Self catering accommodation will no longer be domestic if there is an intention for the whole building or self contained part to be available for letting commercially, as self catering accommodation, for short periods totalling 140 days or more.<sup>100</sup>

The first paragraph applies principally to conventional bed and breakfast accommodation, where the owner lives in the property. The second paragraph would apply to properties let through online platforms where the owner lives elsewhere. Note that what counts when applying the second paragraph is the intention to let commercially, not the actual number of days for which a property is let.

A property which is mostly lived in by one occupant, but is occasionally made available for commercial let, would be likely to be liable for council tax. It would be for valuation officers to make their own judgements as to whether a particular property fell within these definitions and should therefore be listed as a non-domestic property.

Concerns emerged in the late 2010s that some property owners were seeking to avoid council tax on second homes by claiming that properties had moved from domestic use to non-domestic use. This is because many self-catering properties qualify for Small Business Rate Relief (SBRR), which provides 100% relief from business rates.<sup>101</sup>

The Government launched a consultation in November 2018 relating to England, stating:

...the Government is concerned that owners of properties that are not genuine businesses may reduce their tax liability by declaring that a property is available for let, but making little or no realistic effort to actually let it out. It has been suggested, for example, that a property-owner may restrict the periods during which bookings can be accepted, ask for unrealistic rents or fail actively to market the property at all.

The precise impact of the switch from council tax to business rates will vary between local authorities, but we consider this could have a material impact on local authorities' income, and will have an impact on the Exchequer where SBRR is paid.<sup>102</sup>

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<sup>100</sup> VOA, [Practice Note 8](#), Domestic/Non-Domestic Borderline, para 4.13

<sup>101</sup> See, for instance, House of Commons [PQ 177781 2017-19](#), 10 Oct 2018; [PQ 170758 2017-19](#), 5 Sept 2018; [PQ 163512 2017-19](#), 12 July 2018, which includes a table of number of holiday lets by local authority area.

<sup>102</sup> MHCLG, [Consultation on the Business rates treatment of self-catering accommodation](#), November 2018, paras 6-7

The consultation suggested introducing additional criteria for holiday lets being eligible for business rates instead of council tax:

During the year immediately prior to the year being considered, the property was available for letting commercially as self-catering accommodation for short periods totalling at least 140 days; and

During the year immediately prior to the year being considered, the property was actually commercially let as self-catering accommodation for short periods totalling at least 70 days.<sup>103</sup>

These conditions would require a property to have been available for let and/or to have actually been let during the previous year as well as the one for which business rates liability was being sought. However, the consultation provided that, if a new property had to wait before becoming eligible to move into the business rates system under these proposals, it would be possible to backdate the business rate liability and reimburse council tax paid during the previous year.<sup>104</sup>

The UK Government's consultation closed on 16 January 2019. The Government [stated on 23 March 2021](#) that it intended to implement proposals within the consultation to require a property to have been let for 70 days in a given financial year in order to be liable for business rates.<sup>105</sup> This decision was to be confirmed by a response to the 2018 consultation, but to date the response has not appeared.

The Scottish Government consulted on identical proposals in 2018.<sup>106</sup> From 1 April 2022, self-catering premises in Scotland will need to be actually let for 70 days in a financial year in order to qualify for business rates.<sup>107</sup>

In Wales, the two changes proposed in the England consultation have been in place since the 2016/17 financial year.<sup>108</sup>

## 4.9 Health and safety compliance

Visit England, a non-departmental public body funded by the Department for Digital, Culture, Media & Sport, publishes the [Pink Book: Legislation for Tourist Accommodation](#) which sets out how tourist accommodation can comply with health and safety legislation, including gas, electrical and fire

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<sup>103</sup> Ibid., p7

<sup>104</sup> Ibid., p8

<sup>105</sup> HM Treasury and HMRC, [Tax policies and consultations Spring 2021](#), CP 404, 23 March 2021 para 3.4

<sup>106</sup> Scottish Government, [Barclay Implementation: A consultation on non-domestic rate reform \(777KB, PDF\)](#), June 2018, pp16-17

<sup>107</sup> Mygov.scot, [Self-catering and holiday lets](#), last updated 23 March 2021. See also: [The Council Tax \(Dwellings and Part Residential Subjects\) \(Scotland\) Amendment Regulations 2021](#) (SSI 2021/489)

<sup>108</sup> See the [Non-Domestic Rating \(Definition of Domestic Property\) \(Wales\) Order 2016](#) (WSI 2016/31)

safety. The [Short Term Accommodation Association](#) (STAA) also provides information for hosts on health and safety.

STAA has appointed Quality in Tourism (QIT) to carry out an [accreditation service](#) for properties operating in the homestay environment. A [QIT webpage](#) provides more information about the scheme and lists the criteria that properties must meet to gain Safe, Clean and Legal™ accreditation.

In 2019, QIT published a report, [Safety Standards in the Sharing Economy](#) which set out its recommendations and health and safety standards for the shared accommodation industry.<sup>109</sup>

The Government has welcomed the accreditation scheme. In response to a [written Parliamentary Question](#) in March 2019, Lord Bourne of Aberystwyth, junior Minister at the Ministry of Housing, Communities and Local Government, confirmed:

We welcome the work that the Short Term Accommodation Association (STAA) is doing to drive up standards and promote best practice.

The STAA is introducing a voluntary industry accreditation scheme for short term rental businesses and hosts that allows properties to become STAA accredited if they meet certain standards, including on health and safety. The accreditation scheme is organised by Quality in Tourism, and has been developed in conjunction with Visit England and piloted with at least three different sized organisations. The scheme is live on the STAA's website, and will be formally launched on 14 March at the STAA's Short Stay Show annual industry conference.<sup>110</sup>

## 2018 APPG Report

The All-Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality Industry published a 2018 report on its inquiry into the sharing economy.<sup>111</sup> Here, accommodation providers expressed concern that businesses in their sector were subject to a high level of regulatory burden and associated cost, and that much of the accommodation available through sharing economy platforms was not subject to the same level of scrutiny. Sharing economy providers, however, countered that their providers only operate on a part-time basis to gain supplemental income, and as such, should be subject to a lower regulatory standard than hotels. They also put forward that their function was simply to connect hosts and customers. They therefore argued that they could not bear responsibility for the standard of the accommodation that their regulatory requirements should be proportionately less.

The APPG concluded that the systems in place on sharing economy platforms to inform hosts of their legal responsibilities are “inadequate”, and that bed and breakfast accommodation provided by a sharing economy platform

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<sup>109</sup> [Safety Standards in the Sharing Economy](#), QIT, 2019

<sup>110</sup> [HL14144](#), 13 March 2019

<sup>111</sup> APPG on Tourism, [Inquiry into The Sharing Economy](#), July 2018, pp12-15

should be subject to the same regulatory treatment as bed and breakfast accommodation that is not:

All visitors are entitled to a minimum level of safety, regardless of the type of accommodation they use and the method by which it is booked. It is the responsibility of all agents, regardless of whether they are sharing economy platforms or traditional booking agencies, to ensure that the products they supply meet these minimum standards. We have found that the systems in place for informing hosts of their legal responsibilities are inadequate, to the extent that some even allow hosts to register properties if they confirm that they have no fire safety equipment installed.

The sharing economy has argued that regulatory requirements should be proportionately less for businesses listed on their platforms. The APPG for Tourism agrees with the principle of proportionality, but supports the Government's view that existing legislation, especially that related to fire safety, is already based on proportionality. We also believe that there is no valid basis to contend that B&B accommodation provided by a sharing platform warrants different regulatory treatment to the same B&B accommodation not listed on sharing economy websites...<sup>112</sup>

The APPG did, however, raise concerns about difficulties in implementing an effective inspection regime, given that regulatory bodies do not have information on which properties are being let through online platforms.

The APPG made the following recommendations intended to ensure compliance with health and safety legislation:

That the Government urgently assess whether local enforcement agencies have adequate resources to carry out safety inspections of tourism accommodation businesses. This has significant implications for large towns and cities where the provision of sharing economy accommodation in high rises and houses in multiple occupation is becoming more prevalent.

That sharing economy companies take greater responsibility for informing hosts using their platforms of their statutory obligations, especially in relation to health and safety and fire safety.

That sharing economy accreditation schemes such as those developed between Airbnb and Quality in Tourism, are rolled out across all properties on all sharing economy platforms.

That sharing economy companies develop and implement procedures that ensure that hosts have, as a minimum, undertaken a fire safety assessment, a health and safety assessment and, where relevant, have Gas Safe certification. Accommodation providers should not be allowed to register properties without proof of these assessments.<sup>113</sup>

## Fire safety

[The Regulatory Reform \(Fire Safety\) Order 2005](#) is the main legislation that covers fire safety in England and Wales. The Order applies to all non-

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<sup>112</sup> APPG on Tourism, [Inquiry into The Sharing Economy](#), July 2018, p5

<sup>113</sup> Ibid., p16



domestic premises, including properties for short-term lettings (as well as applying equally to bed and breakfast accommodation and hotels).

The Order designates those in control of premises as the responsible person for fire safety, and this duty normally falls on landlords, building owners, occupiers or managers. They have a duty to ensure that a risk assessment of a premises is carried out to identify hazards and risks and remove and reduce these as far as possible. The responsible person then ensures a set of appropriate measures are in place to achieve fire safety, and the Order also requires these measures to be maintained. The guidance advises the property owners to keep records and in some circumstances a record is required.

[Specific Government guidance](#) is provided for owners of bed and breakfast accommodation, guest houses and self-catering properties. The 2005 Order itself is not specific about the types of fire safety equipment that should be used in each scenario, and the fire safety measures put in place will depend on the fire risk assessment.

Under the Fire Safety Order, the local Fire Safety Authority – the Fire Service – has enforcement powers to inspect properties and make recommendations as well as powers to seek legal enforcement of recommendations.

The Government guidance summarises the position in answering the question ‘What happens if I don’t do an assessment?’:

You are breaking the law, and you could be putting people’s lives at risk. The point of a risk assessment is to reduce the risks and plan how to keep people safe if there is a fire. If you fail to do this, you are putting your guests, your property and your business at risk. You may be inspected by the Fire Service, as part of its responsibility to enforce the law or, someone staying with you or working for you may report you to them if they feel at risk. If you are inspected by the Fire Service, they will want to know that you have carried out a risk assessment. Keeping a written record of your risk assessment is an easy way to show that you have taken fire safety seriously. If the Fire Service don’t consider the measures you have taken or plan to take good enough to adequately protect people, you will have a chance to put things right. If you fail to do this, the Fire Service may serve a notice on you that means you must put in place better fire safety measures. Ultimately, they could take legal action against you and your business may be closed down.<sup>114</sup>

Further detail on fire safety rules are also given in Visit Britain’s [Pink Book: Legislation for Tourist Accommodation](#). As with health and safety more generally, concerns have been raised around fire safety in short-term lettings. For example, in a BBC News Report in April 2018: [Growth in short-term-let market raises fire concerns](#). The National Fire Chiefs Council (NFCC) has expressed concern that Fire Services do not know how many short-term lettings are operating in local areas or where they are operating, which makes their risk-based enforcement approach more difficult.<sup>115</sup> Responding to

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<sup>114</sup> Home Office, [Do you have paying guests?](#), 18 November 2008, p12

<sup>115</sup> [‘NFCC responds to fire safety concerns in short term lets’](#), National Fire Chiefs Council news, 16 April 2018



fire safety concerns, Airbnb has collaborated with the NFCC to produce new fire safety guidance for hosts.<sup>116</sup>

The Fire Safety Act 2021, which received Royal Assent in April 2021, clarifies that for any building containing two or more sets of domestic premises the Fire Safety Order 2005 applies to the building's structure and external walls and any common parts, including the front doors of residential areas. While the Bill received Royal Assent in April, it requires secondary legislation to come into force, and to date no statutory instruments have been laid. Further detail about the Bill is available in a [Commons Library briefing](#).<sup>117</sup>

## 4.10 Impact on traditional short-term accommodation businesses

Some traditional short-term accommodation providers (such as hotels, guest houses and bed and breakfast accommodation) are concerned that those letting through sharing economy platforms have an unfair competitive advantage, as they are not subject to the same taxation and regulatory costs.

In particular, the hotel industry has complained that property owners renting through Airbnb:

- do not pay business rates;
- do not pay VAT;
- often have lower health & safety standards than hotels – or fail to adhere to formal health & safety standards;
- are often in breach of planning regulations that put the legality of their use as holiday accommodation in doubt;
- are unlikely to be advising their insurers about change in use and the additional risks involved;
- create problems including security issues for other residents in residential blocks as many residential properties do not have the kind of sound proofing, etc. expected of hotels.<sup>118</sup>

UKHospitality, the representative organisation for the broad hospitality sector has campaigned for a 'level playing field' between digital and other operators:

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<sup>116</sup> [‘Airbnb Commits to Putting Fire Safety First with National Fire Chiefs Council’](#), Airbnb news release, 31 July 2018

<sup>117</sup> [Fire Safety Bill 2019-2020](#), House of Commons Library, 27 April 2020

<sup>118</sup> ‘Airbnb now approximately a third of the size of the hotel sector in London’, Moore Stephens UK, 9 July 2018

The unregulated growth in home-sharing has created issues for hospitality businesses. There are concerns about the lack of regulation associated with such short-term lettings and the security of the UK's tax-base, with an increasing part of the economy operating outside of the standard tax structure. Short-term lets are not subject to the same consumer protections as hotels, guesthouses and pubs. UKHospitality is calling for a fairer deal for both customers and hospitality businesses in the UK, as many other cities and countries around the world have taken forward successfully.<sup>119</sup>

The impact of sharing economy platforms on the hospitality sector is complex. Research by the sector has concluded that Airbnb has had a direct negative impact on hotel sales.<sup>120</sup> A PWC poll of hoteliers for their UK hotels forecast 2017 found that almost 60% of hoteliers regarded sharing economy platforms as a low to moderate threat to their traditional business mode.<sup>121</sup>

Yet the extent to which online accommodation platforms are in direct competition with traditional accommodation providers is contested. It is argued that residential homes provide a different type of accommodation from the average hotel or guesthouse, and many are outside the geographical areas in which hotels and guest houses operate. Furthermore, some customers may prefer to stay in more traditional short-term accommodation, for example because of the additional facilities and services they provide.

A further argument is that online accommodation platforms help fulfil unmet demand for accommodation at peak times, for example during major sporting or cultural events. The picture is further complicated by the fact that some traditional accommodation providers have themselves started to use sharing economy platforms to market their rooms.

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<sup>119</sup> UKHospitality webpage Campaigns: Homesharing (accessed 22/05/2020)

<sup>120</sup> See, for example: EHL Insights, [Hospitality Research: Airbnb's Impact on Hotels](#), 2018

<sup>121</sup> PWC webpage, [UK hotels forecast 2017](#) (accessed 22/12/2021)

## 5

# Calls for greater regulation of short-term lettings

In light of growing concerns about the negative impacts associated with an increase in short-term lettings, there have been calls from a range of organisations and commentators for greater regulation of short-term lettings.<sup>122</sup>

## 5.1

# Consultation on a Tourist Accommodation Registration Scheme

The Government's Tourism Recovery Plan, published on 11 June 2021, includes a commitment to consult on the possible introduction of a statutory Tourist Accommodation Registration Scheme in England:

**The government will also launch a consultation on the introduction of a Tourist Accommodation Registration Scheme in England.** A Registration Scheme is one potential route through which to create a data-driven approach, creating an improved national picture of the precise shape of the accommodation landscape which could feed into a wider Data Hub. Any such scheme could encompass the breadth of the sector, from 'traditional' accommodation such as hotels and B&Bs to short term lets in the sharing economy and could be used to underpin future government interventions, for example regarding the regulation of the sharing economy. The rise of the sharing economy has and will continue to play an important role in attracting tourists to destinations across the country and contributing to the UK economy. However, it has created concerns about uneven regulatory requirements and negative impacts on local communities compared to other types of accommodation. The government is committed to hearing the views of all interested parties on the merits and drawbacks of a Registration Scheme, and how any potential scheme could be implemented proportionately to avoid placing a significant regulatory burden on the sector or risking a reduction in supply.<sup>123</sup>

The Government intends to publish a call for evidence in early 2022. This will assist in developing policy options for consultation.<sup>124</sup>

<sup>122</sup> See for example: 38 Degrees, [Homes not Hotels! Demand mandatory data sharing by short term lets companies](#), campaign created by Generation Rent; 'Airbnb-style lets must be regulated or they risk displacing communities, CIH warns', Inside Housing, 4 April 2019 (subscription required); and 'Profiteers make a killing on Airbnb – and erode communities', The Guardian, 12 February 2018.

<sup>123</sup> DCMS, [Tourism Recovery Plan](#), 11 June 2021, para 90

<sup>124</sup> [PQ88786 \[on Holiday Accommodation: Licensing\], 10 December 2021](#)

## 5.2

# Voluntary sector regulation

Previous Governments (since 2010) took the view that regulation would be overly bureaucratic and instead encouraged the UK Short Term Accommodation Association (STAA) to improve standards and promote best practice in the industry:

**Asked by Baroness Gardner of Parkes:** To ask Her Majesty's Government, following recent actions by Palma and Valencia to ban the use of apartments as short-term holiday lets, what assessment they have made of the need for similar action in the UK.

**Answered by Lord Bourne of Aberystwyth on 22 May 2018:**

There are no plans to ban the use of residential properties for short term letting.

The Government supports the sharing economy. Short term lettings enable households to supplement their income by renting out their under used accommodation and it promotes economic growth from tourism by increasing the amount of competitively priced accommodation available for tourists.

There is a responsibility on people who short term let out their homes, or rooms in their homes, to do so responsibly. Where short term lets breach the rules, responsibility for enforcement lies with the local authority, as it does for any breaches of planning control, and householders who breach the rules potentially face significant fines.

We are taking a non-regulatory approach by encouraging the Short Term Accommodation Association to improve standards and promote best practice in the industry, and to share data on booking with local authorities to aid their enforcement and monitoring functions.

Introducing further legislation would be overly bureaucratic, and would place unnecessary regulatory burdens on households which could act as a barrier to letting out their properties on a short term basis.<sup>125</sup>

The STAA is the trade association for the short-term rental sector in the UK. Its role is to “represent the industry to policymakers, improve standards through education and stakeholder engagement, and drive growth opportunities for our members by creating a community of like-minded businesses.”<sup>126</sup>

The STAA has developed voluntary initiatives for the sector, including: a [member code of conduct](#); a [considerate short-term let charter](#); and an [accreditation scheme](#), in partnership with Quality in Tourism.

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<sup>125</sup> [HL7792 \[Holiday Accommodation\] 22 May 2018](#)

<sup>126</sup> STAA website, [What we do](#) (accessed 23/12/21)

## 5.3

# Greater London Authority and London Councils

In April 2019 the Mayor of London, Sadiq Khan, called on the Government to introduce a mandatory local authority registration system for short-term lettings in London.<sup>127</sup>

The Mayor sent a letter to the Secretary of State for Housing, Communities and Local Government, then James Brokenshire, co-signed by London Councils (the local government association for Greater London), Airbnb, and six Inner London boroughs with high numbers of short-term lettings, calling for a registration scheme which should:

- be simple to use;
- be low or no cost to the host; and
- function as a single database that is accessible online and hosted by one organisation.<sup>128</sup>

The scheme would require hosts to register their property before renting it, which in turn would enable councils to monitor the number of short-term lettings within their area and effectively enforce the 90-night limit.

Data analysis by London Councils in December 2019 found that potentially one in 50 London homes was rented out as a short-term let (although the figures were disputed by Airbnb).<sup>129</sup> London Councils raised concerns that “short-term lets are growing out of control in London” and again called for stronger regulation to tackle the problem:

Cllr Darren Rodwell, London Councils’ Executive Member for Housing & Planning, said: ‘Although short-term lets listed on digital platforms offer benefits to some Londoners, the market is growing out of control. Boroughs are hearing more and more complaints about short-term lets linked to antisocial behaviour and even criminality.

‘The priority has to be protecting Londoners’ interests. That’s why we’re calling on the government to introduce much stronger regulation of this sector. Changes to government legislation are essential for giving local authorities the powers we need to keep check on short-term lets in our communities and defend our residents.’<sup>130</sup>

The Greater London Authority (GLA) published a [Housing Research Note: Short-term and holiday letting in London](#) (HRN 04 (2020)) which examines the supply and characteristics of the short-term lettings market in London.

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<sup>127</sup> ‘[Mayor calls for registration system to enforce short-term letting law](#)’, Mayor of London, 23 April 2019

<sup>128</sup> Ibid.

<sup>129</sup> ‘[“Out of control”: one in 50 homes in London a short-term let](#)’, The Guardian, 21 January 2020

<sup>130</sup> ‘[Short-term lets are “growing out of control” in London](#)’, LocalGov news, 22 January 2020

An earlier report by the then Labour London Assembly Member Tom Copley - [More BnB? Short-term Lets in London's Housing Crisis \(January 2018\)](#) - examined concerns around the growth of short-term lettings in London and recommended action to address “the growing professionalised sector who seek to abuse the system”.<sup>131</sup> The report proposed a number of regulatory measures including:

- ...If voluntary measures are not effective then the Mayor should campaign for the government to change legislation to force websites to hand over the details of property owners suspected of breaking the 90 day year limit on short-term lets.
- The Mayor should lobby the government to hand over to the Mayor of London the power to determine applications from boroughs to ban the renting out of whole properties for short-term lets using Article 4 directions.
- The Mayor should lobby the government to legislate that short-term lettings hosts must register with their local authority. This should be a simple and free process.
- Home-sharing platforms should consider creating an ombudsman paid for by the industry to prevent home-sharing fraud, help with enforcement, solve resolution disputes, investigate complaints, and help redistribute the responsibility for enforcement away from cash-strapped councils. The Mayor should facilitate a discussion with home-sharing platforms on this.<sup>132</sup>

## 5.4

### Airbnb's host registration proposals

In response to calls for greater regulation of short-term lettings, Airbnb announced on 24 September 2019 that it would collaborate with hosts, communities and politicians across the UK on proposals for a registration system for short-term rentals in UK cities.<sup>133</sup>

Following consultation with stakeholders, in June 2021 Airbnb published a [Short-term Lets Registration White Paper](#) calling for the UK Government to introduce a simple nationwide registration system for the short-term letting sector. The paper proposes the key principles that should underpin a registration scheme:

- **A simple, centralised and national system.** A one-stop, online, declarative registration system, where Hosts can input their personal information and instantly obtain a registration number through an online

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<sup>131</sup> London Assembly Labour, [More BnB? Short-term Lets in London's Housing Crisis](#), Tom Copley, January 2018, p3

<sup>132</sup> Ibid., p4

<sup>133</sup> [Airbnb to work with UK cities on host registration proposals](#), Airbnb News, 24 September 2019

platform. The UK has a strong track record of establishing simple online systems of this nature, most notably in voter registration.

- **Mandatory for Hosts in order to capture all short-term letting activity.** It is important that all online and offline short-term letting operators support the new system, so that all Hosts comply with the rules that apply to them, whether they advertise their properties through an online platform or not.
- **Provide data and transparency for local enforcement bodies.** Any new system should ensure that it receives the requisite information from Hosts to support local authorities' effective performance of existing regulatory functions, including enforcement of local laws.
- **Driving awareness of existing health and safety standards.** Hosts will need to attest that they have understood obligations around fire safety, quality and standards as part of the process. This could be modelled around Visit Britain's "We're Good To Go" kitemark, launched in June 2020 to help businesses comply with COVID-safe practices.
- **Minimal cost to Hosts.** The cost of administering this system should be accessible for all, proportionate and based on the host's level of activity. We suggest the system should be free for non-commercial Hosts and there should be a reasonable fee for commercial Hosts, set by reference to the actual cost of administration.<sup>134</sup>

The paper also recommends that the Government issues planning guidance to clarify when short-term letting activity constitutes a change of use that requires planning permission.

## 5.5

### The All-Party Parliamentary Group (APPG) for Tourism, Leisure and the Hospitality Industry

The APPG for Tourism, Leisure and the Hospitality Industry is a cross-party group of MPs and peers with an interest in the tourism and hospitality sector. The Group held an inquiry into the impact of the shared economy on the UK tourism industry, the benefits that it provides and the issues that have arisen including the impacts on local communities.

Whilst recognising the benefits associated with the sharing economy, the APPG concluded that the negative impacts of the rapid growth of the sector needed to be addressed. The APPG Report, published in July 2018, made a number of recommendations intended to encourage sustainable tourism. In particular, the APPG recommended the implementation of a low-cost statutory registration scheme for all tourism accommodation providers, regardless of the type of accommodation provided:

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<sup>134</sup> Airbnb, [Short-term Lets Registration White Paper](#), June 2021, para 32

Having considered the evidence both from the sharing economy and from the rest of the tourism industry, the APPG for Tourism recommends that the Culture Secretary launch a consultation on using his powers under the Development of Tourism Act 1969 to establish a low-cost statutory registration scheme for tourism accommodation businesses. Such a scheme could be devolved to councils and would help resolve the main issues identified by this Inquiry. Namely, it would:

- Help ensure that all businesses complied with regulations
- Provide enforcement officers with a database of tourism accommodation properties so that they could target their resources to those properties they deem to be the highest risk
- Provide councils with greater ability to manage tourism in their area
- Provide HMRC with a means by which to ensure that all businesses pay the appropriate level of taxation.<sup>135</sup>

The APPG also recommended that the Government should provide local authorities with powers to set rules regarding the use of residential properties for tourism accommodation in their local areas:

That the Government provide Local Authorities with powers to set rules regarding the use of residential properties for Tourism Accommodation so that local solutions can be developed that balance the benefits generated by sharing economy accommodation with needs of local residents. These powers include:

- The ability to set the maximum number of days per annum that a property can be used for tourism accommodation
- The ability to require the owner of the property to be present if a property is used for tourism accommodation.<sup>136</sup>

## 5.6

### Short and Holiday-let Accommodation (Notification of Local Authorities) Bill 2017-19

In December 2017, Karen Buck introduced a Private Members' Bill (under the Ten Minute Rule) [Short and Holiday-let Accommodation \(Notification of Local Authorities\) Bill 2017-19](#) to require householders to notify local authorities of an intention to register accommodation for short or holiday lets.<sup>137</sup>

Karen Buck outlined the purpose of the Bill as follows:

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<sup>135</sup> All Party Parliamentary Group on Tourism, [Inquiry into the sharing economy](#), 18 July 2018, p6

<sup>136</sup> Ibid., p7

<sup>137</sup> The Bill was originally introduced in the previous Parliamentary Session on 21 March 2017 but did not progress.



What I believe is now necessary, and what this short Bill aims to do, is to introduce a light-touch online notification system that is mandatory for homeowners to complete, where they merely confirm the dates their property is to be used for short letting. This is not about seeking permission, but is merely about allowing local authorities to know where short and holiday lets are taking place so that they are able to enforce effectively. By all means encourage people to make good use of their homes and earn extra cash, but let us make sure that this does not intensify the housing crisis, land costs on others - while sharing none of the rewards - and inflict misery on long-term residents who, to their shock, can find themselves waking up in a hotel annexe, but after all the caretakers have gone home.<sup>138</sup>

The Bill failed to complete its passage through Parliament before the end of the session. This means the Bill will make no further progress.

Karen Buck has set up an [All-Party Parliamentary Group \(APPG\) on the Short Lets Sector](#) to provide a forum for parliamentarians, short-let platforms, local authorities and other affected sectors to discuss issues arising from the growing short-lets market; and to advise on ways in which to optimise the positive contributions of the sector and avoid undesired impacts.

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<sup>138</sup> [HC Deb 21 March 2017 c790](#)

## 6

## Regulation of short-term lettings in other countries

Many countries have introduced, or are in the process of introducing, measures to regulate short-term lettings. Regulatory approaches vary according to contextual factors, such as the housing market, tourism economy and local land use law. Furthermore, some countries regulate at country-level, while other areas regulate at municipality level.

## 6.1

### Scotland

In 2019 the Scottish Government commissioned [independent research](#) on the impact of short-term lets on communities across Scotland<sup>139</sup> and carried out a [consultation on a regulatory framework for short-term lets in Scotland](#).<sup>140</sup>

In January 2020 the Scottish Government [announced](#) it would:

- introduce **licencing for short-term lets**, under the Civil Government (Scotland) Act 1982. The scheme will incorporate a compulsory element, underpinning safety standards for short-term lets, and additional, optional, powers for local authorities to impose further conditions or requirements where that is appropriate for their areas.
- give **local authorities the power to introduce ‘short-term let control areas’** under powers in the Planning (Scotland) Act 2019. Councils will be able to designate control areas to ensure that planning permission will always be required for the change of use of whole properties for short-term lets. Home sharing - renting a room in your own home or allowing others to stay in your own home whilst on holiday - will not be affected by control areas.
- undertake a **review of the tax treatment of short-term lets**, to ensure they make an appropriate contribution to the communities they operate in.<sup>141</sup>

<sup>139</sup> Scottish Government, [Research into the impact of short-term lets on communities across Scotland](#), the Indigo House Group in association with IBP Strategy and Research, October 2019

<sup>140</sup> Scottish Government, [Short-term lets: consultation](#), 28 April 2019 and Scottish Government, [Short-Term Lets: Consultation on a Regulatory Framework for Scotland - Analysis of Consultation Responses](#), Why Research, 28 October 2019

<sup>141</sup> Scottish Government, [Regulating short-term lets](#), 8 January 2020

In September 2020, the Government [consulted](#) on the definition of short-term lets and detailed proposals for the licensing scheme and control areas. A [consultation report](#) was published on 10 December 2020.

The [Town and Country Planning \(Short-term Let Control Areas\) \(Scotland\) Regulations 2021](#) (SSI 2021/154) came into force on 1 April 2021. [Planning Circular 1/2021: Establishing a Short-Term Let Control Area](#) was published on 25 June 2021.

In June 2021 the Scottish Government [consulted on a draft Licensing Order](#) to establish a licensing scheme for short-term lets.<sup>142</sup> On 14 December 2020, the Licensing Order was laid at the Scottish Parliament. However, on 18 February 2021, the Minister for Local Government, Housing and Planning [wrote to the Local Government and Communities Committee](#) confirming that the Order had been withdrawn from the Scottish Parliament to allow for draft guidance to be developed and for further engagement with stakeholders.<sup>143</sup>

The Scottish Government [consulted on a revised Licensing Order](#) and draft Business and Regulatory Impact Assessment from 25 June to 13 August 2021.<sup>144</sup> Draft guidance for hosts and operators, licensing and planning authorities, letting agencies and platforms was published alongside the consultation.<sup>145</sup> A [report on the outcome of the consultation](#) was published on 23 November 2021.<sup>146</sup>

The revised [Licensing Order](#) was laid at the Scottish Parliament on 22 November 2021.<sup>147</sup> The Order includes a definition of a short-term let, sets out the activity to be licensed and the mandatory conditions which licensing authorities must apply across Scotland. Subject to approval by the Scottish Parliament, local authorities will have until 1 October 2022 to establish a licensing scheme and existing hosts will have until 1 April 2023 to apply for a licence.

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<sup>142</sup> Scottish Government, [Short term lets - draft licensing order and business and regulatory impact assessment \(BRIA\): consultation](#), 25 June 2021

<sup>143</sup> Scottish Government, [A letter from the Housing Minister to the Local Government and Communities Committee setting out a revised approach to short-term lets](#), 18 February 2021

<sup>144</sup> Scottish Government, [Short term lets - draft licensing order and business and regulatory impact assessment \(BRIA\): consultation](#), 25 June 2021

<sup>145</sup> The consultation paper and associated documents are available on the Scottish Government website: [Short Term Lets: Consultation on draft Licensing Order and Business and Regulatory Impact Assessment \(BRIA\)](#) (accessed 22/12/2021)

<sup>146</sup> Scottish Government, [Short term lets - draft Licensing Order and business and regulatory impact assessment: consultation report](#), 23 November 2021

<sup>147</sup> The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022. Nb [Control Area Amendment Regulations](#) were laid at the same time to amend the Town and Country Planning (Short-term Let Control Areas) (Scotland) Regulations 2021 (SSI 2021/154) to update the definition of short-term let and excluded accommodation so that they are consistent with the definition in the Licensing Order.

The review of the tax treatment of short-term lets is being taken forward separately.

Further information is available on the Scottish Government website: [Short-term lets: regulation information](#).

## 6.2

## Wales

A written statement by the Welsh Government on [Second homes in Wales](#) in January 2021 set out the 2016-2021 Government's policies on second homes, and referred to research commissioned from Dr Simon Brooks on [Second homes: Developing new policies in Wales](#). The research report, published in February 2021, made a number of recommendations regarding short-term lettings, including:

- a mandatory licensing scheme for holiday homes should be introduced;
- the Welsh Government should consult on the possibility of making short-term holiday accommodation exempt from being eligible for small business rates relief; and
- the Welsh Government should amend the Town and Country Planning (Use Classes) (Amendment) (Wales) Order 2016 by introducing a new use class for short-term holiday accommodation.<sup>148</sup>

The Welsh Government's January 2021 statement confirmed it was exploring the potential for a statutory registration scheme for holiday accommodation:

We are exploring the potential for a statutory registration scheme for all holiday accommodation, including short-term lets. We are working with stakeholders to identify the costs and benefits of such a scheme in Wales, not just in the context of better monitoring and control of self-catering, but to ensure a level playing field for all accommodation providers. As part of that, we are monitoring the Scottish system now being rolled out. The Ministerial Tourism Taskforce reviewed an initial paper earlier this month ahead of considering the commission of further work and consultation with industry, local authority and other stakeholders.<sup>149</sup>

The Welsh Government has subsequently appointed a contractor to engage with stakeholders in consideration of a potential statutory registration or licensing scheme for all holiday accommodation businesses, including short-term lets.<sup>150</sup>

On 6 July 2021, the Welsh Government [announced](#) an “ambitious three-pronged approach” to address the impact of second home ownership on

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<sup>148</sup> Welsh Government, [Second homes: Developing new policies in Wales](#), Dr Simon Brooks at Swansea University, February 2021

<sup>149</sup> Welsh Government, [Written Statement: Second Homes in Wales](#), 29 January 2021

<sup>150</sup> [WQ83701, 1 November 2021](#)

Wales' communities.<sup>151</sup> As part of this approach the Welsh Government has [consulted](#) on the effectiveness of local taxes for second homes and self-catering accommodation.<sup>152</sup> The consultation closed on 17 November 2021 and the Government is currently reviewing the responses.<sup>153</sup>

In November 2021, the Welsh Government launched a [consultation on planning legislation and policy for second homes and short-term holiday lets](#). The consultation closes on 22 February 2022.<sup>154</sup> It proposes three areas for change – the use class order, permitted development for change of use and Planning Policy Wales:

Firstly, we propose to amend the Town and Country Planning (Use Classes) Order 1987 to create new use classes for Primary Homes, Secondary Homes and Short-term Holiday Lets.

Secondly, we propose to make related amendments to the Town and Country Planning (General Permitted Development) Order 1995 to allow permitted changes between the new use classes for Primary Homes, Secondary Homes and Short-term Holiday Lets.

Thirdly, we propose amendments to Planning Policy Wales (PPW) to make it explicit that, where relevant, the prevalence of second homes and short-term holiday lets in a local area must be taken into account when considering the housing requirements and policy approaches in Local Development Plans (LDPs).<sup>155</sup>

Local planning authorities would be able to “disapply” permitted development rights for change of use within a specific area by making an Article 4 Direction.<sup>156</sup>

The Local Government and Housing Committee has launched [an inquiry into second homes](#), which will examine the recommendations made by Dr Simon Brooks in his report and the Welsh Government’s response to those proposals.

## 6.3 Northern Ireland

All tourist accommodation (namely, hotel, guest house, B&B, self-catering, hostel, bunk house, guest accommodation and campus accommodation) in

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<sup>151</sup> Welsh Government, [Welsh Government announces three-pronged approach to address “second homes crisis”](#), 6 July 2021

<sup>152</sup> Welsh Government, [Consultation on local taxes for second homes and self-catering accommodation](#), 25 August 2021

<sup>153</sup> Welsh Government, [Consultation on local taxes for second homes and self-catering accommodation](#), 17 November 2021

<sup>154</sup> Welsh Government, [Open consultation: Planning legislation and policy for second homes and short-term holiday lets](#) (undated, accessed 23/12/21)

<sup>155</sup> Ibid., Overview

<sup>156</sup> Ibid., paragraph 4.1

Northern Ireland must be certified by Tourism NI, a non-departmental public body of the Department for the Economy:

Firstly there are a number of very important legal considerations in relation to becoming a tourist accommodation provider and you must comply with all relevant legislation, in particular the Tourism (Northern Ireland) Order 1992. This stipulates that all tourist accommodation providers must receive certification from Tourism NI before they are allowed to begin operating. It is illegal to offer tourist accommodation in Northern Ireland without a certificate from Tourism NI.

Any person who provides or offers to provide tourist accommodation that does not have a valid certificate issued by Tourism NI is guilty of an offence and may be liable, upon conviction, to a fine of up to £2,500 or imprisonment for a term not exceeding six months or both. For more information on statutory certification of tourist accommodation premises please see the sections below.<sup>157</sup>

In a 2018 campaign to encourage all accommodation providers to get certified, Tourism NI's Director of Business Support and Events outlined some of the benefits of the certification scheme:

The process of applying for certification is very simple and can be completed online. It's cost effective with fees as low as £40 for a four year period.

Once you are certified, we will carry out one statutory inspection of the property over the four year period. This ensures that all providers are aware of the need to comply with relevant regulations affecting accommodation, can operate on a level playing field, not compromise on quality and give confidence to consumers about our tourism offering.

The benefits of certification also gives business owners the chance to engage directly with Tourism NI and obtain access to a wide range of services including start-up advice, direction on operational issues, marketing guidance, social media support and free listings on Discover NI's website.<sup>158</sup>

## 6.4

## Outside the UK

[Annex B](#) of the Scottish Government's [consultation paper on Short-Term Lets](#) (April 2019) provides an overview of the regulatory approaches adopted in other countries, which can be broadly categorised as follows:

- Limiting the number of nights (cumulatively and/or consecutively) the property can be rented for. This may mean there is a blanket ban in renting out a property once a certain number of days is reached. For example, in Ireland there is a ban of renting out an entire primary home for more than 90 days cumulatively and for more than 14 days at a time. However in some places renting a property for more than a certain

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<sup>157</sup> Tourism Northern Ireland webpage: [Accommodation – getting started – what do you need to consider?](#) (accessed 21/12/2021)

<sup>158</sup> 'Tourism Accommodation Providers Urged to Get Certified', NI Tourism Press Release, 8 March 2018

amount of days means that different rules apply, such as in Reykjavik where properties rented out for more than 90 days require a license. This might vary based on whether the rented out property is the primary or secondary residence of the host.

- Limiting the number of listings each host can advertise, according to the principle 'one host, one home'. As above, this can be a blanket ban, or mean that different rules apply over a certain threshold.
- Applying taxation on the income from renting out a short-term let and/or a Tourism tax, often collected and remitted directly via the Airbnb platform.
- Requiring hosts to register their property. Hosts are usually required to display their registration numbers on any adverts for the property.
- Requiring hosts to apply for planning permission or a licence to change the use of a property from residential to commercial or business. These permits are usually linked to local planning authorities, which may apply limits on the number of permits issued, especially in areas with high housing demand.
- Requiring the host to live in the property during the rental period, effectively banning full-time whole property rentals.
- Requiring platforms to share data about hosts, such as the number of properties, or level of income they are receiving.<sup>159</sup>

Enforcement of regulations also differs between countries:

Even though many different regulations have been applied and many cities have implemented fines for illegality, there are still illegal hosts and unregistered properties. Enforcing these regulations has proved to be challenging in many cities. Some set up dedicated teams to monitor hosting activity, some use bills and taxes to verify that the hosts live in the rented property, and so on. The participation of Airbnb and other similar platforms on enforcing the regulation appears to be important. In cities, like Amsterdam, Barcelona and London, Airbnb either blocks automatically illegal listings/hosts or provides access to data that can be used to monitor the hosting activity. Many cities/countries, like Amsterdam, Barcelona, Denmark and Paris, ask platforms to share data with regulators. Denmark has activated two different sets of regulations, one for collaborating with the government platforms and one for non-collaborating.<sup>160</sup>

[Annex B](#) provides information on the specific regulations adopted in Denmark, Greece, Ireland, Italy and the cities of Amsterdam, Barcelona, Berlin, Hamburg, London, Madrid, Paris and Reykjavik.

A more recent report by the Property Research Trust on [Regulating short-term rentals](#), published in May 2021, examines the regulatory approaches in 12

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<sup>159</sup> Scottish Government, Short-Term Lets: Consultation on a regulatory framework for Scotland, [Annex B](#), 28 April 2020

<sup>160</sup> Ibid.

European cities: Amsterdam, Barcelona, Berlin, Brussels, Lisbon, London, Madrid, Milan, Paris, Prague, Rome and Vienna.<sup>161</sup>

A report by FEANTSA and Fondation Abbé Pierre – [The city is ours! How to regulate Airbnb in the face of a housing crisis](#) - published in November 2020, discusses the legal challenges of regulating short-term lettings in Europe.<sup>162</sup>

In March 2020, the European Commission reached an agreement with Airbnb, Booking, Expedia Group and Tripadvisor on data sharing.<sup>163</sup> This has enabled Eurostat, the EU statistical office, to publish data on short-stay accommodation offered via these platforms across the EU.<sup>164</sup> It is expected that the data will help support evidence-based policies on short-term lettings.

The European Commission's Small and Medium Enterprise (SME) Strategy of March 2020 included a commitment to explore a possible initiative focusing on short-term accommodation rental services in order "to promote the balanced and responsible development of the collaborative economy across the single market."<sup>165</sup> The Commission carried out a [public consultation](#) on its short-term rental initiative between 27 September and 13 December 2021. The Commission's [Inception Impact Assessment](#) provides further information.

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<sup>161</sup> Property Research Trust, [Regulating short-term rentals - Platform-based property rentals in European cities: the policy debates](#), Claire Colomb and Tatiana Moreira de Souza, May 2021

<sup>162</sup> FEANTSA & Fondation Abbé Pierre, [The city is ours! How to regulate Airbnb in the face of a housing crisis](#), November 2020

<sup>163</sup> European Commission, [Commission reaches agreement with collaborative economy platforms to publish key data on tourism accommodation](#), 5 March 2020

<sup>164</sup> European Commission, [Commission \(Eurostat\) publishes first statistics on short-stay accommodation booked via collaborative economy platforms](#), 29 June 2021

<sup>165</sup> European Commission, [An SME Strategy for a sustainable and digital Europe \(703KB, PDF\)](#), COM(2020) 103 final, 10 March 2020, p5



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