

The Chartered Institute of Housing's submission to the call for evidence on developing a tourist accommodation registration scheme in England

Initial comment

Chartered Institute of Housing (CIH) welcomes this call for evidence on the benefits and challenges created by the steep rise in short term and holiday letting seen in England over recent years. This is an important topic for CIH and many of our members.

Whilst we recognise that short term and holiday lets can support the tourism economy (which is the lifeblood of some areas of England), the substantial increase in residential properties being converted to holiday short term lets in recent years in specific locations has had a significant impact on those communities. A high concentration of short term and holiday lets in certain locations, including conversion of residential property into short term accommodation, is reducing choice for local residents and pushing up prices. Coupled with the chronic and long term under supply of social housing in England this is a matter of deep concern for CIH given the deepening cost of living crisis and the affordable housing crisis with [8.4 million people in England have some form of unmet housing need](#).

Our evidence is primarily focused around the impact on housing markets and communities, and we have answered the specific questions in relation to these areas. We would be pleased to discuss any aspects of our response further.

CIH response to specific consultation questions

Question 1: Are you able to provide us with evidence illustrating the size and nature of the short-term and holiday letting market in England and/or its regions and how that has changed over time.

No. The lack of robust data is an issue which a number of our members have brought to our attention in discussions around this consultation response. When trying to accurately report numbers, local authorities find it very difficult and must deal with several different data sources. CIH members have told us that in areas where short term and holiday letting markets are in abundance, the scale is likely to be much higher than what is recorded in official data. For example, those properties recorded as 'business rated: self-catered' (i.e. holiday lets) are much lower than the numbers found for the same area on the on-line data platform [AIRDNA](#).

Question 2: What do you consider to be the main benefits of short-term and holiday letting for: a) home owners b) consumers c) business and the wider economy.

Airbnb and other short term let platforms have made it easier for the general population to both rent out their property and find a place to stay beyond traditional hotels and holiday rentals. Short term and holiday lets make significant contributions to the economies of many locations and these benefits should not be overlooked (others will be better placed to comment on the details of this). However, a balance must be struck. The tourism economy is essential to many locations, generating a great deal of employment (albeit that the pay and security of this sector tends to be less than other sectors). However, a tourism economy cannot survive if people cannot afford to live locally to staff it and if it prevents local people from being able to afford to reside there.

Question 4: Do you consider there to be a problem with breach of contractual agreements in the short-term and holiday letting market in England?

Yes. We are aware that there are problems with breach of contractual agreements in the short term and holiday letting market in England. For example, Kensington and Chelsea Council has recently worked with Airbnb in a [landmark case](#) to unlock critical information that can be used in future legal action or criminal proceedings against alleged tenancy fraud in social housing. This was because of a significant problem the borough was experiencing where social housing was being let out through Airbnb and other platforms for short term lets; a clear breach of tenancy rules. Given that most of the properties were in tower blocks it was difficult to identify exactly which properties were involved, but reports of antisocial behaviour, litter and high turnovers of people staying at the properties were plentiful, disturbing residents and depriving others of access to much needed social housing.

Question 6: Do you consider the increase in short-term and holiday letting in England to have had adverse consequences on the housing market?

Option 1 - Yes, this is a major problem in many locations.

The UK has a long-term problem of housing affordability and the adequacy of the supply of affordable homes, which has been worsening over decades. In some locations these problems have been exacerbated dramatically by increasing levels of homes being used for the provision of holiday and short term lets and the corresponding decrease in numbers of homes available in the private rented sector (PRS). The result being high rents in these areas and a scarcity of affordable homes to rent for most local residents. You need only to use online searches for rented properties in popular holiday locations to demonstrate this. For example, looking for 3 bed properties to rent in the Lake District on 10 September 2022 on [RightMove](#)

generates 22 properties. A search for a 3 bed property on [airbnb](#) on the same date generates 998 properties. Tom Woodman, Chief Executive of Cornerstone Housing Ltd did a similar exercise when writing an article for CIH about the situation in the South West:

"This isn't just about the 'London-on-Sea' hotspots like Padstow and Salcombe. I looked on RightMove this morning for three-bed private rented homes in Ilfracombe in North Devon; there weren't any. I widened my search by 5 miles; still none. Finally, a 30-minute drive away, I found five homes; the cheapest three were £975 monthly, over 50% more than the Local Housing Allowance (LHA) for the area. The next two were double the LHA. This ... isn't about just the usual shortage of available rented homes - in many areas it's about a complete absence of available rented homes"

(extract from [CIH guest blog by Tom Woodman 7 July 2022](#))

LiveWest (Southwest England's largest housing association) recently [reported](#) that they are seeing demand soar, with around 75 applicants for every rental that becomes available. They attribute this directly to private landlords converting their properties to short term holiday lets, resulting in the number of properties available for local people to live falling to catastrophically low levels.

In discussions with our members who work in local authorities in rural holiday and coastal locations, we have heard many accounts of people presenting as homeless who previously would have had no trouble finding a home because they simply cannot find anywhere affordable to rent. This includes essential workers such as nurses and teachers who traditionally would have been welcomed by PRS landlords as tenants, who cannot find anywhere to live after being served section 21 notices by their landlords when the properties have been turned into a short term lets. In addition, our members in some local authorities affected by the issues have told us of their difficulties discharging their homelessness duties given the undersupply of social homes and now the under supply of PRS properties. This leads to homeless households being trapped in temporary accommodation which is both expensive and unsuitable.

Anecdotal evidence from members we spoke to for this consultation tells of people from outside the area accepting jobs in the public sector, only then to withdraw their acceptance because they cannot find somewhere affordable to buy or rent near to their new employment.

It is crucial to note that this issue is not just affecting rural and coastal locations. The rise of 'party houses' in traditionally residential areas of major cities such as Manchester, Liverpool, York, and Bristol (and many others) is a new phenomenon

which is distorting local housing markets in these locations. [Research by the Greater Manchester Tenants Union and Greater Manchester Housing Action Group](#) showed a year-on-year growth rate of over 300 percent in Airbnb listings in Manchester between 2016 and 2020, and a growth of nearly 400 per cent for entire properties. Most often in Manchester, these are what were previously 3 bedroom terraced properties in inexpensive residential areas; their switch to short-term lets having significant negative consequences for local housing markets, leading to a lack of long term rental properties for residents.

“STR markets are more lucrative than regular rentals - a landlord will make a higher return on a short-term let than on a regular long-term let. This encourages switching of housing stock to STR, as well as the practice of artificially inflating the value of properties under the assumption that STRs can continue to increase in number exponentially. This moves prices out of reach of local residents looking to rent or to buy. The loss of rental housing stock creates further shortage, which encourages landlords to raise rents further, normalising high rents and causing prices to rise even more. Thus Airbnb and other short term rentals contribute to housing unaffordability in the city at large”

[\(Short term rentals in Manchester: Time to Act? By GMRU and GMHAG\)](#)

PRS landlords ‘flipping’ long term rental properties to short term lets is one issue of great concern, but another is social landlords disposing of homes they no longer want which go on to be turned into party houses. Manchester providers, together with the local authority, recognised this as a problem and have been working together to protect their rationalised stock via a disposals protocol, protecting social rent in the process. Each property is sold with the protection of ‘existing use value’, for example if a property “had been sold on the open market, it could have turned into a private let at £850 pcm or a short-term let of around £1,000 per weekend but now retains its social rent status and goes for the much more palatable approximate of £90 a week to a family desperate for stability” ([Inside Housing comment piece by Alison Inman](#) 29 September 2021)

Question 7: Do you consider noise, anti-social or other nuisance behaviour in short-term and holiday lets in England to be a problem? If so, why?

Option 1 - Yes, this is a major problem

ASB, noise and litter can be very problematic in areas with high levels of short term and holiday let properties, especially with the growth in “[party houses](#)” which can accommodate more guests and, as the name suggests, are used for parties. Anecdotally we have been told by members that in party houses, 10 or more guests may be staying in what was originally a 3-bed property on a residential terraced street. The plaster is often removed in the house to make it look more contemporary (therefore removing sound insulation for neighbours) and rubbish will be left after the

weekend (as the bins are not big enough to accommodate all the rubbish generated, by so many guests and guests often do not know which day to put the bins out) sometimes including sex toys after stag and hen-dos and even drug paraphernalia. It is very difficult to take effective action against ASB as the perpetrators are likely to be staying at the property temporarily.

Question 8: Aside from the impacts on housing and incidents of anti-social/nuisance behaviour, do you consider the increase in short-term and holiday letting in England to have had other adverse impacts on local communities and residents?

Option 1 Yes.

Community sustainability was cited as a key issue by a number of our members who shared their insights for this consultation. This impact could be felt in many ways, including reports of people feeling more isolated or less connected to their local community, with a constant churn of neighbours and properties sitting empty when not being let out. A tipping in the balance to a prevalence of short term and holiday lets can have substantial challenges for the settled communities as the nature of a neighbourhood changes. The impact can be felt in a myriad of ways, including on falling school places, businesses struggling to stay afloat in off peak holiday times and local public services failing to be able to recruit.

Also, as noted in answer to question 6 relating to housing markets, there is also the risk of increasing levels of homelessness. The reasons for this are twofold. Firstly, landlords choosing to evict existing tenants as they wish to either convert into short term holiday let accommodation (or sell their property, often to someone who wishes to convert into holiday accommodation). Secondly, due to low levels of council housing, many local authorities rely heavily on placing households who are either threatened with homelessness or are homeless into PRS properties. With reduced supply private rented properties this is becoming increasingly more difficult, and as a result, leading to increased homelessness for individuals and families and many more families in temporary accommodation often away from their local community and support networks. Aside from the upheaval this creates for the people involved, it also comes at huge cost to the taxpayer.

Question 9: Which of the following do you consider to be the most appropriate form of response in the short-term letting market?

- **1 - Do nothing**
- **2 - Provide more information to the sector**
- **3 - Develop a self-certification registration scheme**
- **4 - Develop a registration scheme with light-touch checks**

- **5 - Develop a licencing scheme with physical checks of the premises**
- **6 - Regulatory alternative to a registration system, such as extension of the Deregulation Act 2015**

The most appropriate response would be a combination of measures. We recommend that the government undertake a more comprehensive review of the issues, examining how a combination of taxation and planning powers might be used, with implementation devolved to local authorities who are best placed to understand local market conditions.

It is evident that the issues associated with short-term and holiday lets are complex and that balance is required given the necessity of tourist economies in many locations, and as such there is no single solution. A licencing scheme (option 5) would be most welcome as we do not consider that any home should be let, whether long term or short term, without meeting basic standards of safety and repair. However, this will do nothing to protect housing supply. Therefore, options for changing planning legislation and Council Tax/Business Rate charging should also be considered.

As noted in our [written evidence submission](#) to the Public Bill Committee call for evidence on the Levelling Up and Regeneration Bill, additional council tax premiums on second homes and short term let holiday homes are unlikely to reduce the loss of permanent accommodation. However, enabling local authorities to charge council tax premiums and vary business rates could generate proceeds to be invested in much needed affordable housing provision to replace the homes lost. This could be targeted at those areas most affected and experiencing the greatest housing stress and set at price points local people can afford. This is the proposal in Cornwall, where the local authority have demonstrated that if the council tax premium were set on second homes at 100 per cent of the normal council tax level it could generate c.£20m in revenue per annum which would support the financing costs of a large-scale programme of new affordable homes. ([Cornwall committee public reports pack 15 December 2021](#)).

Amendments to the planning Use Classes Order to make a clear distinction between 'primary homes', 'secondary homes' and 'short-term holiday lets' would be welcome. Not every local authority has concentrations of second homes and/or short term holiday lets, or experiences the same problems associated with such uses. Therefore, the General Permitted Development Order (GDPO) could allow change of use between primary home, secondary home and short term holiday let, but crucially where local authorities have the evidence that it is necessary, local authorities should be able to use their powers to issue a direction (using Article 4 of the GPDO) to remove permitted development rights for a defined area. This would require planning permission to be required for a change of use from primary of secondary

housing to short term let, enabling local authorities to control the situation as needed to deal flexibly with the issues in their area.

Question 10: What do you consider to be the costs and associated burdens of these options, who would bear the costs and how might they be mitigated?

In order to deliver effectively any planning or licencing enforcement schemes it is essential that local authorities have the resources they need to do this.

Question 11: Do you have any insight or evidence on the impact of schemes that are already running, or approaches taken elsewhere in the world?

There is much to be learned from schemes already running and approaches taken elsewhere in the world. In particular, Scotland has progressed to tackling this issue in a comprehensive way and the approaches used in Scotland should be given full consideration in the English context. Scotland has approved a Licencing Order which requires all local authorities to establish a licensing scheme by October 2022. The Scottish Government has also introduced 'Short-term Let Control Areas' which allow planning authorities to designate a location as a control area. Edinburgh is first Scottish council to introduce a short term controls area. CIH supported these measures in Scotland as they moved through the consultation process (our submissions can be viewed [here](#)).

CIH also recently welcomed that the Welsh Government is actively examining this issue and working towards establishing a statutory registration/ licensing scheme and legislation to permit local authorities to raise a tourism levy. We welcomed this in our consultation response which can be viewed [here](#).

Question 12: What has been the impact of the Deregulation Act 2015, specifically changes made by section 44 to the Greater London Council (General Powers) Act 1973?

We are aware that significant concerns have been raised by councils in Greater London in relation to the impact of the Deregulation Act 2015, specifically changes made by section 44 to the Greater London (General Powers) Act 1973. [London Councils](#) research suggests that the changes have not stopped the growth in short term lettings. Also, that multiple online letting platforms mean property owners can circumvent the rules. In addition, that enforcement of this legislation is proving to be an impossible task for local authorities, who do not have access to the information they need to proactively engage with the issue. Research by [Camden Council in 2020](#) estimated that almost half of the data they collected on homes available for short-term lets breached the 90 day limit.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support, and knowledge they need. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

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