

Scrutiny Paper

Central Government Consultation on Developing a tourist accommodation registration scheme in England

1. The government has issued a call for evidence on the benefits and challenges presented by the rise in short-term and holiday lettings seen in England over the last 10 to 15 years. This will inform the development of policy options, which the government will subsequently consult on later in the year.
2. The call for evidence is open until 21st September and is framed around a series of questions. These questions seek insight and information in relation to the following areas:
 - changes and growth in the short-term letting market
 - benefits of short-term lets
 - challenges, including compliance with the existing regulatory framework and housing and community impacts
 - the impact of potential policy responses
3. It is an open consultation and views are sought from a range of stakeholders, with particular interest in views from:
 - hosts operating in the short-term and holiday letting market
 - guest accommodation businesses, including digital peer-to-peer platforms that market letting opportunities, short-term and holiday let service companies and those operating other guest accommodation business models
 - enforcement agencies, including the Fire and Rescue Service, the police and local authorities
 - representative bodies, organisations and groups, including destination management organisations
4. In collating this response for discussion by Scrutiny, officers have been consulted in areas of Housing, Economy, Public Protection, and Planning. The draft response to the questions below is a collation of these views, providing a broad evidence to inform the City of York Council's response.

Consultation questions and City of York Council evidence

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?

City Wide Numbers

5. York is a popular destination, attracting millions of domestic and overseas visitors per year, making a significant positive contribution to the local economy. The city has seen the number of short-term holiday let accommodation available in the city more than double in the last four years, with almost a tripling of numbers when looking at the number of entire homes listed for letting.
6. The table below (source: Airdna ‘Active Rentals’) summarises the number of short-term holiday lets available in the city up to July 2022. For a property to be listed here, it must have had at least one reserved or ‘available to book’ day in the month listed in the table.

Listing types	Jan 18	Jan 19	Jan 20	Jan 21	Jan 22	July 22
Entire home	609	922	1,307	1,054	1,420	1,714
Private room	328	408	378	283	262	341
Total listings	937	1,330	1,685	1,337	1,682	2,055

The data shows:

- 181% increase in entire home rentals from 2018 to July 2022.
 - 4% increase in private room rentals from 2018 to July 2022
 - 119% overall increase in ‘Active Rentals’ from 2018 to July 2022
 - Entire home active rentals comprise 83% of the total (up from 65% in 2018)
7. To add context to the numbers below, in 2018 ‘entire home’ listings comprised 0.68% of the housing stock in York. By 2022 this has increased to 1.87%.

	2018	2019	2020	2021	2022
Entire dwelling stock	89,578	90,027	90,587	91,209	91,753 (est)

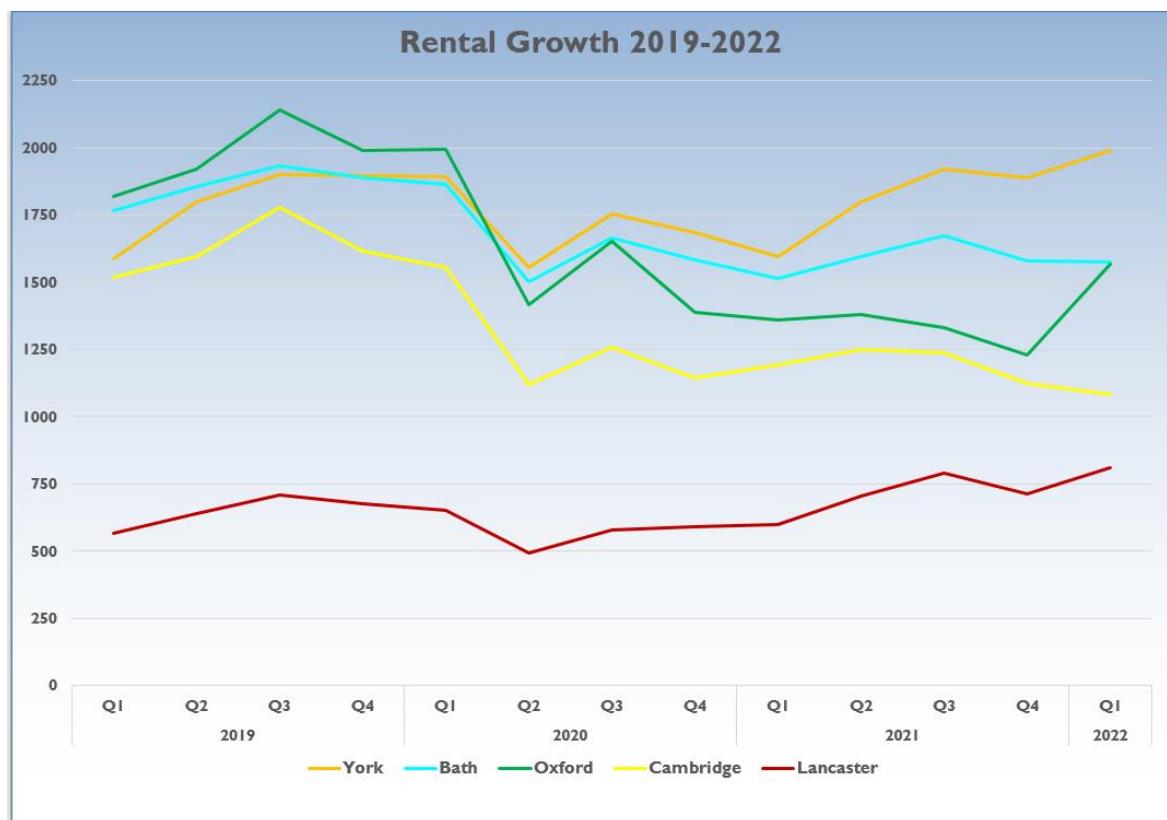
Entire home active listings	609	922	1,307	1,054	1,714
Percentage	0.68%	1.02%	1.44%	1.16%	1.87%

8. Approximately 14% of York's dwelling stock comprises homes owned and/or managed by social landlords. The tenancy and leasehold agreements for these homes will largely prohibit sub-letting and holiday let use. It may, therefore, be a more meaningful measure of the impact on the housing market of short-term lettings/holiday lettings if these are measured only against the private sector housing stock. The table below shows that under this measure entire home lettings comprise 2.18% of the private sector dwelling stock.

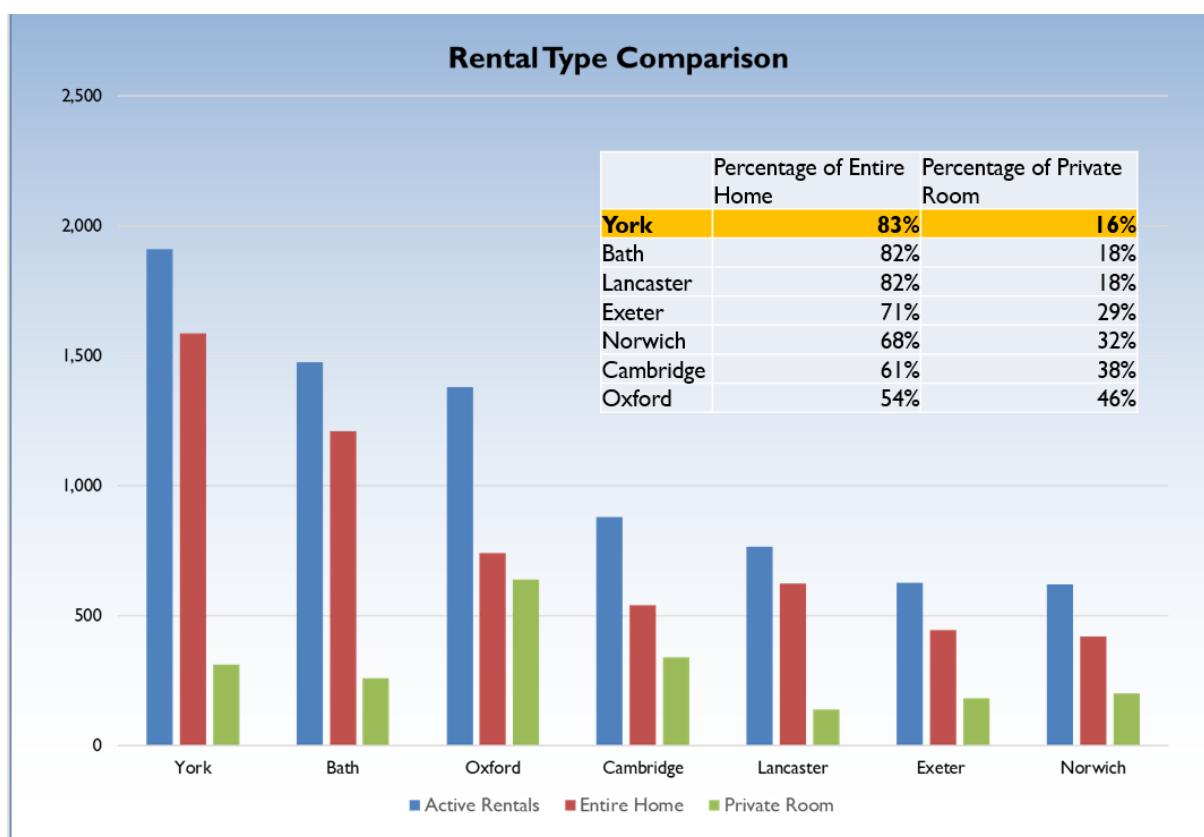
	2018	2019	2020	2021	2022
Private sector dwelling stock	76,666	77,133	77,706	78,308	78,540 (est)*
Entire home active listings	609	922	1,307	1,054	1,714
Percentage	0.79%	1.20%	1.68%	1.35%	2.18%

*Dwelling stock estimate calculated by reference to average annual increase in preceding years.

9. Whilst the number of private homes being used for short term holiday lettings appears low, it is higher than some other cities with some similar characteristics. This is highlighted in the table below and also shows that York's short-term holiday lets market has recovered more quickly following Covid19, showing a strong demand for accommodation in the city.



10. The percentage of 'entire home' listings is also higher for York than some comparator towns and cities as shown in the table below



11. The category of ‘entire home’ lettings falls into three categories:

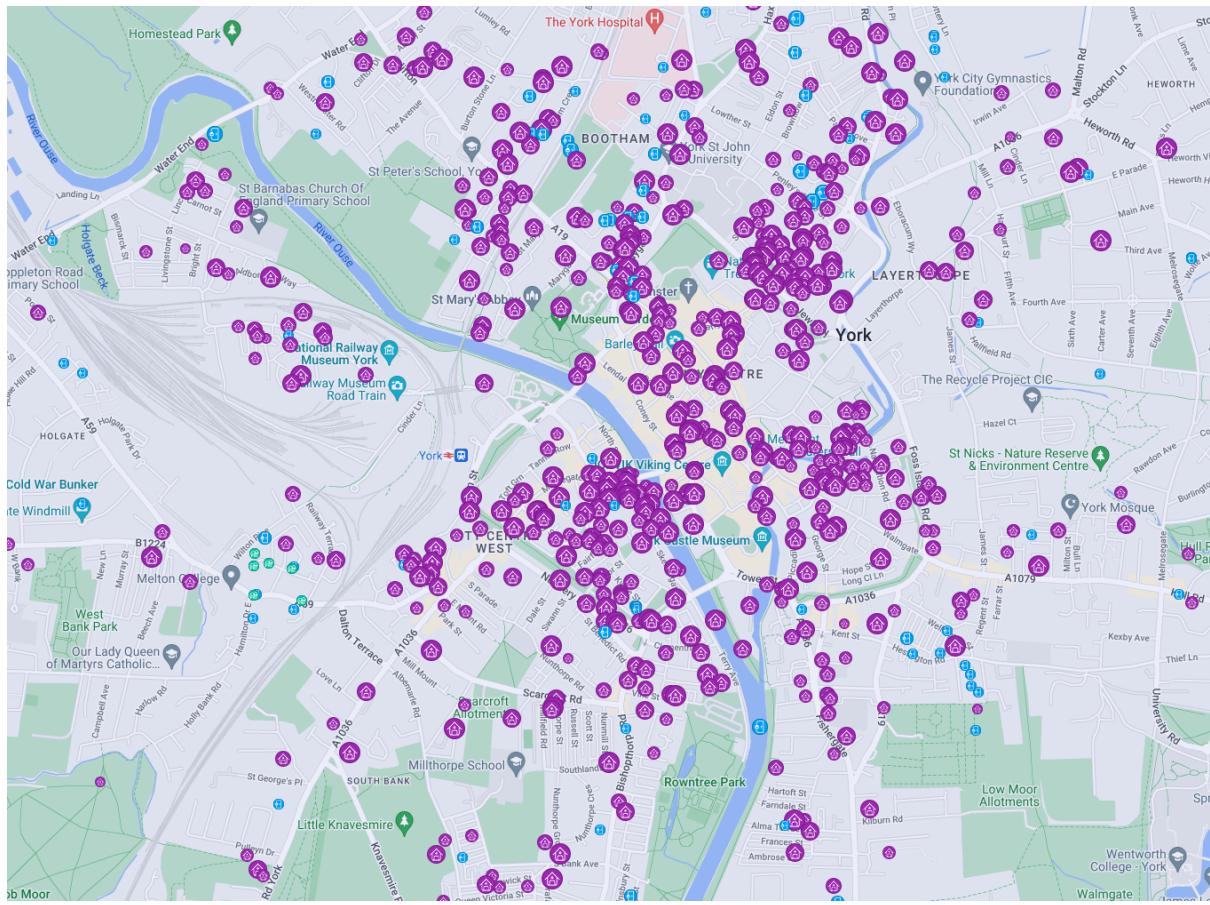
1. Homes where the property is let out only occasionally – typically when the homeowner is on holiday or working away from home themselves.
2. Non-domestic holiday accommodation such as shepherd huts, pods, and holiday cabins, which are designed for short term use only.
3. Entire homes which are solely used for holidays and short term lets.

12. It should be noted that it is only this third category which results in a reduction in the availability of housing and has the more significant impact on local neighbourhoods. However, due to the way data is currently collected we are not able to understand the number of ‘entire homes’ lettings which fall into each of the three categories above. This makes it difficult to track trends and more fully understand the market.

13. It should also be understood that some of the recent increase in properties being marketed online for short term holiday lets could have been used for this purpose for many years but may have been advertised in the past in more traditional ways and perhaps not recorded. It is unlikely that every additional property available online for booking is a new rental property.

Distribution

14. Airdna mapping unsurprisingly shows a strong concentration of active listings close to and in the city centre.



This is further supported by Business Rates data on short-term holiday rentals that can be interrogated at a more granular level.

15. The business rates information comprises 433 holiday letting properties only (compared with the Airdna July listing of 1,714 homes). This is because only those short-term rentals that advertise as available for 140 nights or more per annum are eligible to register for business rates rather than council tax.

Ward	Holiday lets properties in ward	% of total	Resi addresses in ward	% of resi addresses
Guildhall	165	38.11%	9531	1.73%
Micklegate	119	27.48%	7429	1.60%
Clifton	29	6.70%	4508	0.64%
Fishergate	27	6.24%	5185	0.52%
Holgate	25	5.77%	6242	0.40%
NB: no match identified	16	3.70%	0	
Dringhouses and Woodthorpe	7	1.62%	5330	0.13%
Heworth	7	1.62%	6177	0.11%
Westfield	7	1.62%	6711	0.10%
Osbaldwick and Derwent	6	1.39%	3665	0.16%
Bishopthorpe	4	0.92%	1930	0.21%
Heworth Without	3	0.69%	1920	0.16%
Huntington and New Earswick	3	0.69%	5945	0.05%
Strensall	3	0.69%	3491	0.09%
Fulford and Heslington	2	0.46%	1916	0.10%
Haxby and Wigginton	2	0.46%	5445	0.04%
Hull Road	2	0.46%	4442	0.05%
Rawcliffe and Clifton Without	2	0.46%	5651	0.04%
Rural West York	2	0.46%	3398	0.06%
Copmanthorpe	1	0.23%	1818	0.06%
Wheldrake	1	0.23%	1724	0.06%
Grand Total	433	433	92458	

16. Nevertheless, both sources of data illustrate the concentration of short-term lettings in the city centre. The specific business rates data shows:

- 66% of Business Rates registered holiday lets are in two city centre wards.
- 84% are found across 5 city centre wards.

Effectiveness of enforcement

17. The consultation also asks how effective enforcement has been in relation to short term holiday lets. Information below highlights the number of planning enforcement investigations into properties where there has been an alleged change of use without planning permission being in place.

2018 – 5

2019 – 9

2020 – 6

2021 – 4

2022 – 12

18. However, from a planning enforcement point of view, the enforcement situation is complicated by there being no separate use class for short-term holiday let uses. Case law requires that a case-by-case assessment is undertaken to determine whether a change of use has taken place. This is time consuming for the Local Planning Authority and landowner and leads to delay and

uncertainty for all parties and potential inconsistencies between officers and between Local Planning Authorities.

19. In respect of enforcement against noise complaints, information in respect of specific complaints relating to short term holiday lets is not readily available as the information is not recorded in this way. A detailed review of noise complaints in 2019 highlighted that there were around 10 complaints from short term holiday let accommodation in that year.

Question 2

What do you consider to be the main benefits of short-term and holiday letting for:

- a) Homeowners**
- b) Consumers**
- c) Businesses and the wider economy**

20. a) We do not hold data which allows us to easily quantify benefits to the three sectors listed above. As referenced in response to question 1, we are not able to provide information on the ratio of 'entire home' lettings which are used the entire time, part of the time, are a traditional home or a purpose-built holiday let such as a shepherd's hut. However, it is reasonable to assume that given the high concentration of lets close to the city centre, that the vast majority of these are a traditional home used wholly or partly for holiday lettings.

21. 341 'private rooms' are listed for rent, this is likely to bring a significant additional income to the homeowner. We don't know how many 'entire home' listings are listed to provide additional income when the owner occupier is away or are listed on a permanent basis.

22. b) A choice of accommodation options for tourists and visitors is always going to be attractive, and the increase in supply provides clear evidence of demand. Hotels can be a more expensive option to rented accommodation and short-term holiday lets can provide flexibility and choice for a visitor. However, with this choice comes a potential reduction in the occupancy of hotels

and bed and breakfasts, affecting the viability and therefore employment associated with existing businesses.

23. c) The knock-on effect is greater demand on the local business community to provide services, especially in food and drink, retail, leisure, and culture. This clearly benefits the wider economy. We do not have insight into the relative economic benefits of a consumer choosing a short-term holiday let versus a bed and breakfast or hotel.

Question 3

How do you assess levels of compliance with regulations on:

- a) Fire safety**
- b) Gas safety**
- c) Health and safety**
- d) Food and drink**

within the short-term and holiday letting market in England?

- **Option 1 – Compliance is very good**
- **Option 2 – Compliance is good**
- **Option 3 – Compliance is fair**
- **Option 4 – Compliance is poor**
- **Option 5 – Compliance is very poor**

24. York has a significant number of houses in multiple occupation (HMO), providing much needed accommodation for both students and the public. We have seen some landlords who would normally let properties as HMOs, instead choosing to let them as short-term holiday lets, attracted by the income but also the reduced regulation in this area. We have strong evidence that standards are often not met within the HMO sector and therefore are introducing an additional licensing scheme. It is possible that similar poor standards and management could be found in some parts of a sector that is largely unregulated, such as short-term holiday lets.

25. The following is a list of key health and safety considerations we would expect within a HMO, but are not currently required for short term holiday lets:

- electrical safety - duty of care to ensure electrics and appliances within the property are safe
- gas safety - there must be a valid gas safety certificate issued in the last 12 months to ensure all heating and cooking appliances are safe
- carbon monoxide - a carbon monoxide alarm should be provided
- fire - fire safety measures, such as smoke alarms and the completion of a fire risk assessment
- security - locks to doors and windows should provide an appropriate level of security - exit doors and escape windows should allow keyless exit in the event of a fire

26. Providing an answer to Options 1 to 5 is extremely difficult as this is an area with very little regulation at present and therefore little to be compliant with. However, our experience in licensing other forms of lettable properties in the city leads to a view that some of the properties being used as short-term holiday lets are unlikely to meet the health and safety criteria we would expect of social landlords or those who operate HMO's.

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. If so, why?

- ***Option 1 – Yes, this is a major problem***
- ***Option 2 – Yes, but this is only a minor problem***
- ***Option 3 – No there is no problem***

27. This question aims to understand if there is evidence that short term holiday lets are being operated out of properties where the lease or mortgage terms would prevent this.

28. There is no evidence of any significant breaches of social housing tenancy and leasehold agreements.

29. There is anecdotal evidence, raised by concerned residents, that there are a number of private properties in the city being used as holiday lets in spite of prohibition in leases. However, where this becomes known, the lease or mortgage terms include prohibition

terms which does provide an avenue for enforcement by property managers. Overall we conclude that there is a minor problem, Option 2.

Question 5

Do you consider there to be other legal provisions concerning the supply of short-term and holiday letting to paying guests which are not covered elsewhere in this call for evidence but where there are issues with awareness, compliance and/or enforcement?

- ***Option 1 – Yes***
- ***Option 2 – No***

30. Short term holiday lets are largely unregulated, making the collection of data around compliance difficult to establish. It is clear that the level of regulation for landlords of short-term holiday lets is far less significant than other sectors, for example HMO licensing. The number of short-term holiday lets continues to grow in the city, and this combined with the lack of regulation places greater risks on visitors and the permanent population of the city.

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***
- ***Option 2 – Yes, but this is only a minor problem***
- ***Option 3 – No, there is no problem***

31. The response to question 1 provides clear evidence of a growth in short term holiday rentals in York, and a particular concentration in and around the city centre. There is also clear evidence of a growth in both house prices and long-term rental costs in the city over recent years. Whilst there may be some correlation between these facts, it is extremely difficult to comment on the significance of the correlation. There are numerous factors at play in market pricing for house purchases and rental prices and it isn't possible to determine the significance of these factors. Numbers of 'entire home' short term holiday lets represents a

relatively small percentage of the total properties available in the city and therefore it is reasonable to assume that at a city level, it is not causing a major problem to the housing market but may be having a greater impact at a more micro level.

32. Market analysis highlights that there are significantly greater returns available (subject to occupancy rate) for landlords in renting out a short-term holiday let compared to a longer-term rental. Therefore, in cities like York which attract millions of visitors per year it is considered likely that an increasing number of landlords, particularly those with homes in and around the city centre, will be attracted to the returns of short-term holiday lets. Without controls, this may have an impact on the housing market in terms of availability and cost, but could also have a negative impact on existing businesses such as bed and breakfasts and hotels. There has been a recent example of a business in the city closing down, stating that the rise in short term holiday lets was a significant factor in the business no longer being viable. We therefore conclude that at present there is a minor problem at present, but this has the potential to increase over the coming years without controls.

Question 7

Do you consider noise, anti-social and 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***
- ***Option 2 – Yes, but this is only a minor problem***
- ***Option 3 – No, there is no problem***

33. Of the 36 planning enforcement complaints noted in Question 1 above, 16 referred to noise and disturbance from the properties. However, we don't require that complainants specify the particular harm that they experience as part of their complaint, so this is likely to be an under representation.

34. Our experience is that the houses that are predominantly let to large groups for weekend or race-day use are the properties that create the greatest impact on residential amenity in terms of

noise and disturbance and anti-social behaviour. Whilst the number of cases so far reported is relatively low, it is increasing and the negative impact of a large unregulated ‘party house’ (for example with a group of 24 occupants which we have experienced on a number of occasions) on a local community can be very significant in terms of noise and intimidating behaviour. Residents have reported feeling that this is changing the nature of their communities.

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***
- ***Option 2 – No***

35. There is a perception amongst many residents that short-term holiday lets are significantly reducing the availability of houses in the city which in turn is driving up prices. Houses prices in York are around ten times average income and any factor which is perceived to be contributing to disparity is causing concerns to residents. A lack of regulation and therefore accurate data collection makes it difficult to meaningfully engage in this discussion or present opportunities to respond to concerns raised.

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

36. This consultation response identifies some issues around noise and nuisance from large short-term holiday lets and we have assumed, based on our existing licensing programme, that there will be some short-term holiday lets which fall short of standards required in other sectors. Whilst there is no empirical data that the number of short-term holiday lets has affected the housing market in York, it is reasonable to assume that should growth in this area continue that there may be a point at which it affects affordability.
37. These three issues can be summarised as relating to the numbers, distribution, and lack of regulation of this sector.
38. It is considered that a variety of policy responses may need to be considered in order to address these concerns. Providing greater visibility and control over numbers and distribution would in our opinion best be tackled through the planning process with a consideration of where a short-term holiday let sits in the use classes order. This could operate similar to Houses in Multiple Occupation, whereby for certain thresholds a change of use would take place requiring planning permission. This would support a better understanding of numbers and distribution and allow policies to be developed locally to ensure any significant potential growth in short-term holiday lets is managed in such a way as to support mixed and sustainable communities.
39. Any controls of short-term holiday lets would need to take account for and allow those residents who benefit from renting out a room in a main residence for a number of days a year to continue to do so. This can provide much needed financial support and there is no evidence that this form of letting negatively affects the local community.
40. In order to support standards, particularly related to health and safety, experience and evidence suggests that this would be best supported through a licensing regime, in a similar way to HMO's. This would ensure that properties are safe, covering areas of gas and electrical checks, fire risk assessments, and smoke and carbon monoxide alarms.

41. Therefore it is considered that policy responses should be considered around option 5 and additionally through the Planning use classes order.

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?

42. Both a planning and licensing process would require the costs of administrating the service to be covered by the owner of the property through a fee as part of the application process.

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?

43. As well as the powers in Greater London, we are aware that controls are in place in Scotland [Edinburgh introduces strict rules on Airbnb-style short-term lets | The National](#) and Wales [Second homes and Airbnb lets face new restrictions in Wales in bid to tackle soaring housing costs \(inews.co.uk\)](#)

44. We understand that in France short term holiday lets fall into the same category as hotels and therefore do fall into a specific use class. Other local authorities in the UK are calling for a separate use-class within housing use classes e.g. C5 holiday lets/short term lettings. Brighton and Hove is looking at a targeted principal residence policy.

<https://democracy.brighton-hove.gov.uk/ieDecisionDetails.aspx?Id=5777>

<https://www.bbc.co.uk/news/uk-england-sussex-61863788>

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?

45. N/A

Question 13

Is there any other information related to short-term lettings and/or the issues already raised in this call for evidence that you wish to draw to the government's attention?

46. The City of York Council are exploring options of working alongside developers, particularly of sites close to the city centre, to encourage the use of protective covenants. One such example is at York Central which will deliver 2500 new homes over the coming years and sits immediately adjacent to the city centre. Such covenants could help to maintain mixed and sustainable communities in those new developments. There is a possibility that this approach, whilst reducing overall numbers, may have a knock-on effect by further clustering short term holiday lets within existing communities. This would need to be mitigated by other controls supported by government policy.
47. In addition to this consultation response, a letter from the Leader of the Council and its Executive Members for Housing, Planning, Economy and Communities, will be sent to DLUC and the LGA making the case for additional powers to help ensure we maintain mixed and balanced communities and ensure short term holiday lets meet standards.