

**Norwich City Council**  
**SCRUTINY COMMITTEE**

## **Item No 8**

**REPORT for meeting to be held on Thursday 17 September**

### **Report of the scrutiny select committee for short term letting**

**Summary:** The purpose of this report is to receive the report from the scrutiny select committee for short term letting. The select committee is made up of Cllrs Carlo, Giles, McCartney-Gray and Oliver.

**Conclusions:** To consider the report.

**Recommendation:** To consider the report of the scrutiny select committee.

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## Summary

1. There is evidence of a sharp rise in the number of short-term lets in many British cities. Such lets bring some advantages, such as promoting the visitor economy and diversifying the available accommodation. However, they also pose a number of problems including: anti-social behaviour, pricing families out of rented accommodation, the erosion of local communities and a general problem of accountability.
2. It is difficult to quantify the number and location of entire place short-term lets and to assess the various problems associated with them. So far the numbers involved do not seem to have presented a major housing supply issue or financial problem in Norwich. However, with the sharp rise in such properties this is unlikely to remain the case. We found some evidence of anti-social behaviour, which is likely to be underestimated in official figures and it seems that properties do not always comply with health and safety regulations. A major problem is that the issue cuts across several departments and there are no specific processes in place for identifying short stay accommodation and addressing problems and short comings when they arise.
3. Currently, few measures are available for regulating the rising number of short lets as the government is keen not to inhibit this aspect of the sharing economy. Ministers have rejected calls for registration of properties which would provide councils with information about exact numbers and locations. In the absence of government support, councils in several cities with high visitor numbers and excessive growth in short stay accommodation and associated problems have experimented with a range of solutions.
4. In the light of action taken by some other local authorities, we have made several recommendations. We recommend that the Cabinet nominates a portfolio holder with responsibility for short-stay lettings. We propose that the Council promote a way for citizens to report complaints on line regarding short stay properties. We would like to see Norwich City Council (Planning) conduct a sample survey of whole property short stay lettings and the extent to which they comply with health and safety standards and planning controls. Also, Planning to consider whether a policy on short stay lets is needed as part of the review of the City of Norwich Development Management Plan.
5. It is also important that the City Council works with other bodies to seek better regulation of short stay accommodation. They include the Short Stay Sector All-Party Parliamentary Group via Norwich South MP Clive Lewis and Airbnb which is currently consulting UK decision makers on proposals for registration of their short lets.

## Background

6. The Scrutiny committee originally considered the subject of unregulated short-term lettings on 28 June 2018 in response to a suggestion from a member of the public. A link to the report is [here](#). Among recommendations to the Cabinet, the

committee resolved to set up a select committee to examine the growth of short-term lettings in Norwich.

### **Outline of tasks undertaken by Select Committee**

- a. Review actions from recommendations of scrutiny committee on 28 June 2018.
- b. Research policy responses from other towns/cities in UK.
- c. Review and update background information report to Scrutiny Meeting on 28 June 2018, "Growth of short term letting of homes in Norwich".
- d. Agree list of tasks/questions for further investigation, drawing on assistance from officers and on-line information.
- e. Meet the member of the public who suggested the topic.

### **Review follow up to recommendations made at scrutiny committee on 28 June 2018**

These were as follows:

- f. Ask cabinet to promote a way for people to report sub-standard short-term let properties to the Council.
- g. Endorse the Short and Holiday-Let Accommodation (Notification of Local Authorities) Bill 2017-19 by asking the chair of scrutiny to write to the appropriate Minister.
- h. Ask the chair of scrutiny to write to the head of the Health and Safety Executive to ask what actions are being taken around short term lets.
- i. Ask the Independent Hoteliers Group to feed into this select committee investigation.

### **Action taken over Resolutions**

Ask cabinet to promote a way for people to report sub-standard short-term let properties to the Council.

*The Cabinet on 11 July 2018 RESOLVED to:*

- i) Agree to consider promotion of a way for people to report sub-standard short term let properties to the council; and*
- ii) Note the additional recommendations as outlined in the report.*

The scrutiny officer was unable to find evidence of what happened as a result of this resolution. The Select committee agreed to carry i) forward as a recommendation.

Endorse the Short and Holiday-Let Accommodation (Notification of Local Authorities) Bill 2017-19 by asking the chair of scrutiny to write to the appropriate Minister.

A private member bill sponsored by Karen Buck MP for Westminster North, requiring householders to register accommodation for short or holiday lets with local authorities, fell in 2017 when a general election was called. Ms Buck subsequently launched the Short Let Sector All-Party Parliamentary Group (APPG) in April 2019 aimed at balancing the provision of short-term lets accommodation with the need to protect long-term rented housing and neighbours.

Ask the chair of scrutiny to write to the head of the Health and Safety Executive to ask what actions are being taken around short term lets.

It appears that this action was not undertaken and the select committee picked up safety matters as part of their research.

Ask the Independent Hoteliers Group to feed into this select committee investigation.

The select committee members contacted the Independent Hoteliers Group who did not respond. However, the Operations Manager at the Maids Head Hotel had already expressed his concerns when he appeared before the Scrutiny committee in June 2019, supported by the City Council Operations Tourism manager.

### **Update on developments elsewhere in UK since June 2018**

7. The Deregulation Act 2015 allows owners in London to rent out their property for short term lets for up to 90 nights per calendar year without the need for planning permission for change of use. Prior to this, London homeowners needed planning permission or face a fine. The Coalition Government enabled the change as a boost to the sharing economy.
8. Enforcement of the 90 nights restriction has proved impossible as there is no requirement for householders to notify local authorities of their intention to use a property for short stays. Sadiq Khan Mayor of London wrote to the Government in April 2019 seeking the compulsory registration for all landlords using a single online database to enable councils to keep track of the numbers and locations of short-stay lets.
9. Outside of London, rapid expansion of on-line platforms for short lets, the concentration of short stay accommodation in some neighbourhoods and the lack of available control measures has prompted councils to try different approaches:

**Cambridge City Council** has changed its complaint-led approach to the misuse of homes for short-term rental to more proactive enforcement. In 2015, the Council investigated just one case of unauthorised change of use, but by September 2019, it was investigating 74 cases. The Council has also used 'discrete sampling' to assess properties for rent online against planning and safety standards.

**Manchester City Council** began trialling a scheme in a new PFI regeneration development in inner city Brunswick to stop new home owners sub-letting or offering short-term lets in July 2019. Purchasers of 300 new-builds in inner city Brunswick must sign a covenant which bans them from letting through third party sites such as Airbnb.

**Oxford Council** in October 2019 urged short-let landlords to voluntarily apply for planning permission if they let out an entire house for more than 140 nights a year.

In the absence of any additional changes to national legislation, these measures lack teeth and so councils have continued to lobby central government for regulatory changes.

**Bath and NE Somerset Council** approved a motion on 12 July 2018 calling on the Government to bring in a range of measures for regulating short term lets. These included a change in the law to limit short-term letting of whole residential properties to 90 days a year; a requirement for hosts to register with the local authority to

enable enforcement; change to the use classes order to put short-term holiday accommodation in its own specific class to differentiate from dwelling houses; application of the same regulatory framework to short-term lets as with other forms of visitor accommodation; any future Tourism Levy to apply to short-term lettings.

In response to a **written question from** David Drew MP, Shadow Minister for Environment, Food and Rural Affairs, who enquired about government plans to close the loophole enabling second home buyers to let accommodation on a short-term basis, the **Housing Minister** Kit Malthouse stated (9 July 2019) that the government would not intervene to regulate the use of Airbnbs. This has not stopped councils from continuing to raise concerns.

**Bristol City Council** passed a motion on 17 December 2019 calling for greater powers and resources to regulate short stay accommodation rentals by non-owner occupiers and the ability to levy business rates on short-term lets and student accommodation. Bristol is said to have the highest number of Airbnbs (2,000) outside London.

However, in response to a written question (23 Jan 2020) concerning the Lord Mayor's request for a register of short-term lets, the housing, communities and local government minister in the House of Lords, Viscount Younger said in a parliamentary answer that the government had no plans to establish a register and they were aware of industry plans to put their own procedures in place to avoid breach of the 90 day limit.

**The Scottish Government** is pursuing a set of solutions in response to a dramatic escalation in numbers of Airbnb places in Edinburgh, rising from 8 in 2009 to 12,000 in 2018. Councils have been given new powers to regulate short-term lets from Spring 2021. They will be able to implement a licensing scheme with mandatory safety requirements and to designate control areas to ensure the need for planning permission for change of use of whole properties to short term lets. Ministers will also consider taxing of short-term lets to complement the Transient Visitor Levy Bill.

**Edinburgh city council** has set up a webpage for residents to report a problem with a short-term let, but investigation and enforcement is resource intensive. The council is working with the Scottish government to introduce a licensing regime and has the ability to set a cap on numbers. The public are being asked as part of the consultation (Spring 2020) on a new Local Development Plan for Edinburgh, Choices for City Plan , if Edinburgh should be a short-term let control zone implemented through new planning policies.

## **10 Advantages and disadvantages for Councils of short-stay accommodation**

The councils above point out the many benefits of short term rentals:

- benefits to visitors
- provide direct income to host households
- provide additional accommodation capacity at peak times
- provide different types of accommodation not catered for by the hotel market
- support eating and drinking establishments and local attractions such as museums
- grow the visitor economy
- provide short stay accommodation for business travellers.

On the other hand, councils have found that the unregulated short-stay rental sector has grown to such a degree that problems have resulted:

- lack of a level playing field. Costs fall on neighbours, councils, local businesses and taxpayers, while the benefits accrue to owners and short-let platforms
- lack of accountability
- pricing out families from rented accommodation
- leaving premises empty for periods
- large turnover of short stay visitors erodes the local community
- anti-social behaviour
- poor levels of recycling by short-stay visitors
- unfair competition for independent hotel and guest house trade
- short term lets are just one aspect of the gig economy. Short stay visitors may order in food for delivery using Deliveroo and use Uber in preference to local taxis
- they do not have to comply with health and safety rules unlike hotels and guest houses
- they are not inspected for safety
- short term lets are not subject to planning regulations
- they do not pay business rates or VAT

## 11. Other developments

In recognition of campaigning by local authority and MPs for registration of short-stay lettings, **Airbnb**, the main global platform for short-term accommodation, is proposing a simple registration system. Last September, Airbnb announced its intention to work with UK hosts, communities and policymakers via a series of roadshows on its proposals for registration, with the aim of presenting a 'white paper' to government and other key stakeholders in 2020. The first roadshow took place in Brighton in February, with further events planned for other major cities. Norwich is not among those listed. ('Airbnb kicks off host registration roadshow in UK cities', Airbnb, 17 Feb 2020).

A detailed and informative briefing on short-term lettings has been published by the House of Commons Library, [The growth in short term lettings \(England\)](#), (number 8395, 26 May 2019, 43 pages). The choice of topic for research by the HoC Library reflects the extent of MPs' concerns over the significant growth in short-term lettings and calls for greater regulation. Its contents cover:

- statistics on short-term lettings
- restrictions on short term lettings
- positive impacts of the accommodation sharing economy
- concerns around the growth in short-term lettings
- calls for greater regulation of short-term lettings
- regulation of short term lettings in other countries

As reported by the HoC Library Briefing, the nature of the the short-term lettings sector is diverse, ranging from hotels to individuals letting spare rooms through sharing economy platforms. There is no single definitive source of data and no requirement to register short term lets, but the evidence suggests the number has risen significantly in the UK.

The Paper reiterates the Government's preference for a non-regulatory approach

and reliance on the Short Term Accommodation Association (industry body founded in 2017) to improve standards, promote best practice and share data on bookings with local authorities to aid enforcement and monitoring.

In July, **HM Treasury** published 'Business Rates Review: Call for Evidence'.

The main aims of the review announced in Budget 2020 are:

- to reduce the overall burden on businesses
- to improve the current business rates system
- to consider more fundamental changes in the medium-to-long term.

The consultation may be an opportunity to comment on short-term lettings, among other matters. There are two deadlines:

18 September for commenting on business rates reliefs and the business rates multiplier, (the tax rate that is multiplied by a property's rateable value to give the annual amount payable for that property before any reliefs are applied).

31 October for other matters (valuations, administration, alternatives to business rates).

## **12. Questions posed by the select committee and responses**

Responses from City Council officer are noted. Unless otherwise stated, all other responses to questions are those of the select committee based on information gathered from on-line research.

## **Numbers of Short Stay Properties and Housing Supply**

### **Q1 What has been the year on year rise of short term lettings in Norwich?**

The June 2018 report to Scrutiny recorded approximately 300 Airbnb listings for Norwich, with around 100 located in the city centre. Approximately 60% of the listings were 'entire place' and 40% were listed as 'private room'.

In May 2020, the Airbnb Norwich platform continued to refer to 300+ stays. In fact, the Airbnb platform for all other towns and cities reviewed also refer to 300 + stays. This suggests that the figure of 300+ stays is a standard moniker and not an accurate reflection of the number of short-term lets in Norwich.

Further investigation of the Norwich Airbnb platform gives the number of 'entire place' properties under the urban housing-type categories, a large number of which are concentrated in the city centre:

Townhouse – 25; house – 186; serviced apartment – 50; flat – 199.

Total = 460 entire place properties.

Under the category of 'private room' (i.e. within a private house/flat), the numbers are:

Townhouse – 38; house – 159; flat- 23.

Total = 220 private rooms.

A number of other holiday/short term stay platforms operate:

- Bookings.com – 71 apartments (flats and houses).
- Trip Advisor, Holiday Lettings – 157 houses and apartments in Norwich and the Broads. Minimum stay varies.
- HomeAway: vacation/short stay platform: 189 properties listed for Norwich and the Broads.

- “Serviced Lettings”, (local company) Norwich: 26 properties, with 3 nights minimum stay.
- NR2 Bed and Breakfast (a platform covering a range of accommodation types: hotels, people letting out rooms/breakfast in their homes; short stay apartments/no breakfast).

An overlap in the properties advertised can be seen between the platforms. Because the figure of 300 properties cited in the June 2018 cannot be regarded as an accurate baseline, it is impossible to say whether the number of 'entire place' properties has increased in Norwich. However, judging by concerns expressed by councils elsewhere and by the statistics provided by the House of Commons Library Briefing, it is likely that whole property short stay lets have increased in Norwich.

**Q2 How does the rise of short term letting in Norwich effect the permanent supply of housing for local people in need?**

The view of the Norwich Area Development Manager (Inner) is that the numbers involved do not present a housing land supply issue at the moment.

However, as the data in Q1 suggests, short term letting of whole properties appears to have increased quite significantly in Norwich since 2018. It follows that the higher the number of entire place properties, the greater impact on the supply of permanent housing for rent or purchase. Seeing change of even a percentage of the number to permanent occupation would go some way to meet local housing needs.

Councils which have been proactively pursuing strategies to address the year-on-year rise in short term lets in their areas have cited this as a one of the main reasons for taking action.

There are several reasons why private landlords might prefer short term holiday lets. Rents are higher, although not guaranteed. Landlords avoid the problem of eviction. A property can be easily sold/converted if they are not someone's home on an Assured Shorthold Tenancy basis.

It is interesting to note that the National Residential Landlords Association is campaigning against the growth in short-term holiday lets on grounds they result in a loss of housing for long-term rent. The NRLA blames Government tax changes and the restriction of Mortgage Interest Relief for residential lettings for the year on year rise in short lets.

**Q3 To what extent is the sub-letting of council properties on Airbnb or similar a problem in Norwich?**

According to the Head of Neighbourhood Housing Services (Oct 2018), it is not something that is registering as an issue with the housing team in any way.

**Q4 To ask higher education institutions and student unions whether short term lets are having any impact on the provision of accommodation for students/ employees and rent levels?**

We wrote to NUA and to UEA Home Run housing. No responses were received.

**Q5 Is there any merit in distinguishing between a short-term let of a whole property vs a spare room?**

Yes, great value remains in the original concept of advertising a spare room to earn extra income and enabling tourists to share people's homes. However, the business



model has escalated from small beginnings in 2007, when two flat mates advertised air mattresses in their San Francisco apartment to help pay their rent via a platform they created and called Airbnb, into a multi-billion global enterprise, with Airbnb advising owners on how to operate as property management businesses.

## **Impact on City Council Finances**

### **Background**

The Valuation Office Agency determines whether a property is used either as a dwelling and given a council tax banding or else used for business purposes, given a rateable value and put on the rating list. Once the property is on the council tax list or rating list, the Council must bill accordingly.

Council tax: if the property is available for letting throughout the year, but the owner accepts bookings for a total of 139 days or less, the property will be allocated a council tax band A - H.

Business rates: properties are assessed for business rates if they are available for letting for periods totalling 140 days or more per year. (HM Valuation Office Agency, 'A Basic Guide to the Rating of Holiday Cottages and Self-Contained Units in England.' 2014).

If a person or business lets one short lets property and its rateable value is less than £12,000 they do not pay business rates. If they have a second property, they can obtain business rate relief if the total rateable value of all their properties is less than £20,000. The Council receives very little if anything from properties assessed for business rates due to rate relief.

Since the removal of discounts for unoccupied properties and second homes, the move to short stay lettings has become a more attractive proposition. Coupled with the long-term empty premium, the cost of property investment can be improved by moving to a short-term let option.

### **Q6 What is the loss to the City Council finances?**

The Revenues & Benefits Operations Manager provided information (August 2020) on short stay/holiday lets in Norwich:

*"There are 116 properties assessed for business rates.*

*51 of these are in receipt of small business rates relief and have nothing to pay – a total of £92,240.15*

*There are 65 that would pay business rates – a total of £142,140.15. This year due to Covid-19 these are all in receipt of the extended retail relief for the retail, hospitality and leisure sector (see reply to Q7).*

*There are many Airbnb properties that are still listed for council tax which possibly should be business rated however it is impossible to identify these.*

*It is better in many cases that properties are left in council tax as they would pay more although Norwich City Council receives a smaller percentage. An example: three apartments currently with a rateable value of £2,000 each are charged business rates of £998.00 per annum but as band C properties before that, they would be paying £1,670.62 this year."*

Overall, the Revenues & Benefits Operations Manager concluded:

*"In terms of impact on the city finances we are losing out on council tax where owners only have the one property. However, there could be an argument that they bring visitors to the city and potentially bring trade. With council tax, the city only receives 14% so*

*the impact of a relatively small number is not huge and is more partly offset by those paying business rates on multiples, this year there is full relief on all of them due to Covid-19."*

*..... "For someone who wants an investment portfolio and ad-hoc use, short stay letting avoids a long-term empty charge where council tax is doubled or trebled and if just one property is held there is nothing to pay."*

**Q7 How many business grants have been paid out during Covid-19?**

During the Covid-19 lockdown, holiday homes and short term lets were entitled to apply for a government retail, hospitality and leisure grant of up to £10,000.

The Revenues and Benefits Manager provided information below and at Qs 8 - 10:

*"Norwich City Council has 111 hereditaments rated as Self Catering Holiday Unit and Premises.*

*The Council has paid 88 grants to holiday lets/Airbnbs as at 5 June. At £10,000 per property, this amounts to a total of £880,000.*

*Because the grant is paid per hereditament, anyone with multiple properties has been entitled to receive multiple grants."*

**Q8 Does the Council have information on the numbers of short stay letting properties held in multiple ownership and in receipt of business rates relief?**

*"The ownership breakdown is as follows:*

*1 property = 78; 2 = 6; 3 = 6; 4 = 2; 5 = 1; 6 = 1.*

*In terms of relief there are currently 10 of these that do not receive any relief as they have only just identified themselves since the grants became available.*

*1 of these is in administration.*

*49 are in receipt of the extended retail relief which is part of the government's help to businesses but previously they would have been paying business rates as they do not qualify for small business rates relief."*

**Q9 If the Council has a record of short term lets in receipt of business rates relief, does this provide information for investigating the number of short term lets which operate without planning permission for change of use?**

*"The records we have would enable a check with planning if permission is required".*

**Q10 Does information held on business rates relief for properties let for holiday use/short stay negate the need for a register which other local authorities have been lobbying for?**

*"A register would be useful as it is sometimes difficult to know exactly what properties are actually being used for. There is a number of days that a property must be available to let out, but this enables those with second homes to transfer across to business rates avoiding council tax that no longer has any discounts available."*

**Impacts on Neighbours**

**Q11 How does the rise of short term letting in Norwich affect residential amenity?**

The City Council says that it has received few complaints in relation to ASB and short-term lettings. However, in their councillor role the select committee members have received three separate complaints.

In relation to one of these, the select committee heard in detail about the detrimental

impacts on permanent residents of several apartments in a small city centre housing complex let out for holiday use: the constant coming and goings, often on a daily basis; anxieties over security; competition for limited car parking; noise not only from within the apartments but also from voices in the street and from suitcases being wheeled along the pavement; partying - on one occasion, the Police were called and found drugs being sold to people in the street.

Residents in these cases had complained to their local councillors but they were reluctant to make formal complaints to the City Council for fear of repercussions. Consequently, there may be under-reporting of incidents to the Council. Indeed, a Select Committee member picked up a fourth example via a Facebook page set up by residents' living in a street in NR2. Several complaints had been posted about anti-social behaviour (noise, brawling in street, drinking in public) at a pair of terrace properties in the street. They are being advertised as budget hotel rooms (6 in number), with free parking (in an area of limited parking and no parking permits). No-one lives on site to supervise visitors. According to the Police, the owners responded to a Probation Service call for temporary accommodation during lockdown. Planning Enforcement are investigating a possible breach of planning control.

The number of complaints received by the Council in relation to short stay lets may reflect the way in which complaints are logged. For example, a significant number of budget 'hotels' and apartments under a single ownership in the Earham Road and Unthank Road operated in effect as short stay lets between 2013 – 2020 until they were sold off by one owner. Visitors let themselves in via a keypad, with no-one employed at the properties to manage visitors. The properties and style of operation caused an innumerable range of ASB problems for residents, ward councillors, the Council and Police. If the Council says that they have received few complaints about ASB and short stay lets, the above long stream of complaints about these particular properties suggest a lack of tie-up between ASB reported and types of accommodation.

The Task Group asked the Norwich Police about statistics on complaints involving short term lettings. The Norwich Command Inspector replied that *“ASB reporting over a 12 month period would highlight our hotspots, (but it) wouldn’t however specifically evidence the issue you highlight. The Airbnb issue is not something that has caused us specific issues and any evidence base from a Policing perspective in terms of calls for service would not necessarily identify this. Clearly the use and classification of premises would be held within the council and would be interested to understand that intelligence picture following the introduction of the online reporting.”*

## **Health and Safety**

### **Q12 How compliant are short-term lets with health and safety/fire regulations (e.g. requirement for smoke alarms, carbon monoxide monitors)?**

The Scrutiny officer contacted the Norwich Fire Service who advised that ALL properties should be fitted with smoke alarms and monitors.

However, there is no obligation on the part of hosts to install fire safety measures such as a fire alarm and fire escape route, a functioning carbon monoxide detector,

safety checks on gas appliances and hazard prevention.

Visit England, the Short Term Accommodation Association (STAA) and Airbnb all publish their own guidance on compliance with health and safety legislation. In addition, the STAA has appointed Quality in Tourism to offer Safe Clean and Legal accreditation.

Several properties on Norwich Airbnb report for individual properties that the host has not reported a carbon monoxide detector on the property. They include 'NR2' a 30 bed property/6.5 bathrooms on Earlham Road (since closed and up for sale); the website entry notes that 'the host hasn't reported a carbon monoxide detector on the property'. The City Council placed rough sleepers with supervision in NR2 hotel during the Covid-19 lockdown. In another case, neither of the smoke alarm nor carbon monoxide detector boxes were ticked in one shared room advertised. One of Scrutiny Committee's June 2018 recommendations required the Chair of scrutiny to write to the Health and Safety Executive director to enquire about actions being taken on short term lets. We concluded that there is not much to be gained by writing to the HSE as their reply would no doubt point to extensive HSE material on the subject posted on Visit England's website. The matter may be more about following up and remedying missing safety features in advertised lettings such as NR2 hotel.

**Q13 Where individual rooms are let out, is there an obligation to provide locks on bedrooms?**

This issue particularly applies to private single rooms within private occupied properties, to shared spaces within occupied properties and to rooms let as short stays within HMOs (Norwich council has found a couple of the latter).

The Norwich Airbnb platform includes the category of 'shared rooms' and five such entries. One entry advertises two sofa beds in a common space (presumably a living room) housed in a 1-bedroom city centre flat.

Airbnb guidance for hosts in the UK makes no mention of locks under safety measures. It appears that there is no obligation to provide locks on individual bedrooms for short-term lets. The onus is on the person booking the property to enquire and on the host to ensure security for both themselves and their guests.

## **Planning Controls**

**Q14 Is planning permission required for short term lets?**

As the HoC Library Briefing sets out, planning legislation specifies that the change of use of land or buildings requires planning permission if it constitutes a material change of use.

It is not always easy to determine whether there has been a material change of use without planning permission, for example, converting a residential house to a place primarily used as a home first and short-term letting accommodation second, when local authorities have little information about which properties are being used for short-term lettings.

The June 2018 report, under the heading of Planning states:

*"Whether a change of use has occurred from 'single private dwelling house' is a 'matter of fact and degree' on a case-by-case basis with reference to case law."*

*This means in practice that, if we are made aware of the presence of short-term lets which are causing a particular concern (possibly due to noise, anti-social behaviour or vehicular movements), we will investigate and establish whether a change of use has occurred; if so this may result in a planning application being sought or planning enforcement action being taken. However, it may be determined there has not been a change of use, in which case there would be no requirement for planning permission or enforcement action”.*

The HoC Library Briefing quotes the case (2012) of Moore V SSCLG and Suffolk Coastal District Council. Lord Justice Sullivan considered when a use of a dwelling house for commercial holiday lettings amounted to a material change of use had occurred. He summarised the changes 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”.*

If local residents complain about frequent comings and goings and noisy partying at a house which is wholly let for short term use, the City Council, as well as investigating noise complaints, should also investigate for a breach of planning control.

**Q15 If a material change of use is found where planning permission is required but has not been granted, what planning enforcement remedies are available?**

The HoC Library Briefing identifies various options available: a temporary stop notice which can stop a specified activity at short notice; a court injunction and/or serving a planning enforcement notice.

**Qs 16 – 19:** The City Council Planning Area Development Manager (Inner) responded to a number of planning queries submitted by the Scrutiny Task Group:

**Q16 Can a local plan policy be brought in to prevent further concentration of short term lets in an area, for example, the city centre?**

*“In theory, yes it could. However, it would have to be brought in through the plan review process and there would have to be justification for it. If there are localised issues in certain areas, it may be appropriate to try and control the use of new properties through conditions on the back of a policy but there would have to be evidence that there was a planning issue to be addressed. The policy could only be applied to new dwellings that need planning permission.”*

**Q17 Can planning conditions be imposed on new developments at the planning permission stage to stop the problem of dwellings being used as short term lets?**

*“No. The local planning authority cannot attach conditions to the grant of consent that would prevent a property changing to another use that would, of itself, require planning permission. The problem with Airbnb usage is that it does not automatically trigger a change of use. For example, letting out an*

*individual room in a property is very unlikely to result in a change of use. Even letting out a whole property may not – it would depend on the level of usage. You can use conditions to restrict a use that does not require planning permission. So, if you had a new build dwelling – a C3 planning use – you could use conditions to control its use within the C3 use class. This is done quite commonly in places where, for example, a dwelling for normal use wouldn't be permitted but a dwelling for holiday use would (not in Norwich because we don't encounter this situation but it is a matter in coastal rural districts). So if you had a policy that said we don't want short term lets because [insert planning reason], then you could have a condition that restricted the use of new dwellings.”*

**Q18 Can a covenant restricting use of new properties for short term lets be adopted as in Manchester?**

*“The scheme in Manchester is a new build scheme involving Manchester Council. The covenant is a contractual instrument between the council as developer and the person buying the property. It's not a land use planning tool. Norwich City Council as the local planning authority can't require developers to enter into a covenant but could place conditions on new development to prevent them being used as short term lets. This would have to be justified to meet the 'necessity' test for conditions (in a nutshell, you wouldn't grant planning permission without it). Conditions could only be applied if we had a Local Plan policy to justify it. “ (see Q15).*

**Q19 Can an Article 4 direction be applied to stop further spread of short term lets in an area such as the city centre?**

*“An Article 4 direction can only be used to control development. Using a house as a short term let is rarely development and so could not be controlled in this way.”*

**Local Businesses**

**Q20 To ask major employers (eg Aviva) whether they benefit from short term letting sector?**

We contacted Aviva but no response was received.

**Q21 What is the view of the pub, restaurant, club sector on whether short stay lets benefit or undermine their businesses?**

This is an interesting aspect of the gig economy highlighted by Bristol City Council where guests staying in short stay accommodation order in food for delivery, rather than eating out. The select committee is unaware of any local food businesses flagging this up as an issue with the City Council. We did not seek views from trade bodies and it would be worthwhile keeping an eye on this.

**The Future of Short Term Lets**

Several of the short-term rental companies have been fairly adept at responding to criticisms by selectively supporting local regulations. For example, platforms such as Airbnb, HomeAway and TripAdvisor have put in place their own procedures to avoid breach of the 90-day limit in London. They have also joined industry bodies such as the UK Short-Term Accommodation Association founded in 2017 to promote the sector, address policy and

regulatory challenges and develop industry standards.

Ironically, innovations which have made Airbnb and similar short-let accommodation platforms so successful have been being blunted by the rise in professional management companies operating on a commercial basis.

('Silicon Valley unicorns turn into dinosaurs', *Sunday Times* 23 Feb 2020).

Airbnb planned its public flotation in 2020, but this was halted following the collapse in global travel due to the Covid-19 pandemic.

There is the potential for the numbers of short stay accommodation in the UK to remain steady in the short term, even if restrictions on international travel deter overseas visitors, as more citizens decide to take domestic holidays.

## **Conclusions**

To what extent are short lets an issue that needs addressing in relation to local housing supply, impact on neighbours, city finances and the health and safety of visitors?

The amount of short stay accommodation has increased significantly in Norwich since 2018; in particular entire properties. The downsides have not generated as much noise and attention in Norwich as places which attract high numbers of visitors such as Bath, Oxford, the Lake District and North Norfolk AONB. This is not to play down the local impacts and nuisance experienced by individual residents.

The lack of data which a register would provide makes it difficult to quantify the impacts, for example on local housing supply. However, if it is the case that 460 entire properties operate as short lets through the Airbnb platform alone, that is not an inconsiderable number of units and more units are advertised through other platforms (although there is an overlap). If even a percentage of these were to become available for permanent occupation, this would go some way to meeting local housing demand.

It is also difficult to quantify the impact on neighbourhood amenity. It seems likely that there is under-reporting of complaints to the Council due to the understandable anxiety of some residents over the fear of repercussions. Also, the problem may be under-estimated due to what appears to be a lack of joining up the dots of ASB complaints to the City Council to any involvement to short stay lettings.

There is some impact on the city's finances. Fifty one properties run as whole property short lets receive small business rates relief and a total of £92,240.15 is lost to the City Council. This sum may be off-set by the benefits to the local economy, though seeing some whole properties return to permanent housing, with Council tax paid, would undoubtedly help the city finances.

At least 88 retail, hospitality and leisure grants, at £10,000 per property for a three month period from April to June, were paid to holiday lets/Airbnbs during the lockdown. This amounts to a massive total of £880,000. Fortunately, the grants for this were provided by central government and paid through the City Council and so did not involve city money.

Adherence to health and safety standards is essential. Even one property failing in this respect could result in harm to occupants and neighbours. At present, there is a large amount of voluntary guidance but ensuring safety is down to the responsibility of the property owner.

Given that action is required, what can be done practically?

One of the first steps should be for the Council to set up an on-line system for short stay lets to enable people to report complaints about impacts on their neighbourhood, ASB incidents, sub-standard properties and whole residential dwellings operating as short lets without planning permission.

Norwich City Council should consider following the example of Cambridge City Council and conduct discrete sample assessment of properties for rent online against planning and safety standards.

The City Council could also follow up a small number of properties in receipt of business rates relief to check whether they have planning permission for change of use to holiday lets. Determining whether there has been a breach of planning controls which requires the owners to seek planning permission would give chance for neighbours to comment.

Owing to resource constraints, there is a limit to what the City Council can achieve on its own. The Council should collaborate other local authorities through bodies such as the Short Let Sector All-Party Parliamentary Group, LGA, short stay platforms such as Airbnb and trade bodies such as the STA on matters such as need for registration and stronger health and safety safeguards.

Short term lets came to Scrutiny in June 2018 at the request of a member of the public. They have not featured strongly on the Council's radar. There are several reasons for this:

- short lets is a topic which cuts across several departments/teams (Planning, Housing, Public Protection, Policy, Finance, Tourism). They do not come under any specific Portfolio Holder and so there is no-one to politically champion this issue.
- there appears to be no written record of whether the Cabinet discussed its resolution on 11 July 2018 to "Agree to consider promotion of a way forward for people to report sub-standard short-term let properties to the Council" and what decision was reached. The creation of a Scrutiny tracker will help to ensure that the outcome of Scrutiny recommendations is recorded.

Hopefully, the recommendations below will go some way to creating processes which build up a picture of short lets in Norwich and what can be done to support residents.

Finally, this research as noted earlier, has not examined the impact of short-lets on local hospitality businesses such as independent hotels, guest houses, restaurants and taxi firms, partly because the Scrutiny Committee heard evidence in 2018. If the Committee



considers this an important area for research, it could be considered in a follow-up study.

## **Recommendations**

1. The Cabinet to nominate a lead Portfolio Holder with responsibility for short lets (private sector housing?).
2. Norwich City Council (Planning/Strategy and Transformation/Environmental Protection) to promote a way for citizens to report on-line complaints about short lets without fear of repercussions; (ASB, sub-standard, whole properties operating short stays). Relevant officers to liaise where necessary with relevant local agencies (Police, Fire Service)
3. Norwich City Council (Strategy and Transformation) to contact Airbnb UK and request copy of their proposals for a registration system and to comment.
4. Norwich City Council (Planning) to conduct a sample of whole property short stay lettings and the extent to which they comply with planning and health/safety standards.
5. Norwich City Council (Revenues/Benefits and Planning) to examine a sample of short let properties in receipt of business rates relief to determine whether they require planning permission for change of use and if not, should they be paying Council tax?
6. Sustainable Development Panel (led by Planning) to consider whether a policy on short stay lets is needed as part of the review of the City of Norwich Development Management Plan Policies and any policy changes to feed into the Greater Norwich Local Plan.
7. The Chair of Scrutiny to write to Clive Lewis MP and ask him to join the Short Let Sector All-Party Parliamentary Group and work with Parliamentary colleagues on the need for a registration system, enforcement of health and safety standards (to include need for locks on bedrooms and bathrooms) and report back on progress to Scrutiny Committee.
8. The Cabinet to write to the Government and outline the growing problems around short stay accommodation in Norwich and request: a compulsory registration and licensing scheme fully funded by Whitehall; a specific planning use class; and basic, enforceable health and safety obligations to install smoke detectors, carbon monoxide monitors, and locks on individual bedrooms where properties are split into multiple lettings, and/or the owner continues to live.
9. Norwich City Council (Revenue and Benefits) to consider responding to the HM Treasury Business Rates Review with regard to short term lettings and business rates relief and short stay visitor costs falling on permanent residents and businesses; (deadlines of 18 September and 31 October).
10. Scrutiny Committee to consider whether it wishes to consider the impact of short-lets accommodation in relation to the gig economy on local hospitality businesses such as independent hotels, guest houses, restaurants, cafes and taxi firms.
11. Scrutiny Committee to keep short term lettings under review.