

Norwich City Council
SCRUTINY COMMITTEE

Item No 7

REPORT for meeting to be held on Thursday 28 June 2018

Growth of short term letting of homes in Norwich

Summary:

The purpose of this item is to consider the growth of short term letting of homes, and the impact of these on both income for the council and the wellbeing of local residents.

Background:

Over the past few years, there has been a steady rise in the number of Airbnb style properties in Norwich, driven by our attractive location as a tourist destination.

This presents benefits for the property owners who can reap significantly greater income from short term letting, but raises questions about problems for neighbours who suffer from transient visitors, noise from party flats and of course loss of housing for local people.

The growth of short term letting of dwellings also affects the functioning and viability of the hotel and guest house/B&B sector as their costs are higher as they have more regulation with safety and standards.

Recommendation:

To take a range of evidence to enable to committee to fully understand the impact of short terms lets on the city and make necessary recommendations to cabinet.

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Introduction

1. A request was made by a member of the public to the chair of scrutiny committee to include the consideration of the unregulated growth of short term letting of homes in Norwich to the scrutiny committee work programme.
2. The information in this report sets out current evidence around short term lets (focussing on Airbnb) and explores the impact on the city, the council and the potential mechanisms at the council's disposal.

Background

3. Airbnb is an online community marketplace that connects people looking to rent their homes with people who are looking for accommodations. Airbnb users include hosts and travellers: hosts list and rent out their unused spaces and travellers search for and book accommodations.
4. Started in 2007 it has 4.85 million listings in over 191 countries. In the UK a typical host earned £3,286 in 2017, renting out 39 days a year.
5. The vast majority of guests say they chose Airbnb because they want to live like a local (79 %) and because it is more convenient than hotel locations (89 %).
6. Existing tourism accommodation business can also use Airbnb. Types of listing now include hotels, B&Bs and camping. Airbnb costs are considerably lower than other portals and help the small business achieve an international audience.
7. Airbnb is the top platform for this type of home stay. TripAdvisor and Bookings.com are expanding into this market.
8. Concerns nationally and internationally around:
 - a. Lack of regulation especially for Health & Safety, Fire etc.
 - b. Unregulated businesses operating.
 - c. Negative impact on existing accommodation businesses.
 - d. Negative impact on individuals living in close proximity to 'Entire place' properties.
 - e. Negative impact on local rental market, Westminster council estimates 5000 properties are no longer available to rent as owners generate up to 2/3 times more income by listing on Airbnb. This is particularly acute in top tourist destinations like London and Edinburgh.
 - i. Increasing numbers of properties being bought to then rent on Airbnb; cheaper mortgages available as different rules apply.

- ii. Increasing numbers of 'rent to rent' properties being rented by individuals as part of a property portfolio, this is more prevalent in top tourist destination cities.
- f. Use of listed properties for unlicensed and illegal activity e.g. Pop up brothels

Airbnb in Norwich

9. At the 2011 census, Norwich had around 63,000 dwellings. There are approximately 300 Airbnb listings for Norwich. Exact numbers are difficult to establish as some are clearly outside the city council area, but approximately 100 can be said to be in the city centre of Norwich (within the inner ring road).
10. The profile of the Norwich listings are as follows:
 - a. Types of listings in Norwich are mainly '*Entire place*' (60%) or '*Private room*' (40%)
 - b. Some existing small accommodation properties in Norwich list rooms on the site.
 - c. Average cost of '*Entire place*' is £102 per night in Norwich. (August)
 - d. Average cost of '*Private room*' is £48 per night in Norwich (August)
 - e. Many listings seem to be owned by the same host, due to similarities in address and style.
11. Norwich has traditionally had very little accommodation of any type in the city centre, apart from the Maids Head and Nelson Hotels, and no self-catering accommodation.
12. In 2006 there were 3 properties, including the UEA, offering self-catering accommodation in the Norwich city council area, despite the demand for this type from families and larger groups. Since then the number of serviced (Hotels and guest houses) rooms in the city has risen considerably with the development of new budget hotels (Premier Inn, Travelodge) and the new Holiday Inn, all within the popular city centre area.
13. Demand for accommodation in Norwich is still high, not only from visitors, but also the traditional overnight business travellers and the many specialist workers on development sites in Norwich seeking cheaper accommodation for a period of several nights or many weeks.
14. It would be difficult to analyse the impact of Airbnb alone on the business of local hotels when there are so many factors at play.

National and international activities and measures

15. Action has been taken in several international destinations to limit the number of nights bookable - e.g. New York, Berlin, Seville

16. Some cities have introduced compulsory registration or requirement to have a licence to rent out own rooms or property on Airbnb, enforced by fines – e.g. Berlin.
17. Airbnb collect 'tourist taxes/ occupancy taxes' on behalf of hundreds of cities in Europe, North and South America etc. which are paid directly to the authorities.
18. A government ruling on a limit of 90 nights bookable in London came into force in 2015 and is backed up on the Airbnb website by a hosting limit.
 - a. this can be overcome by relisting under a slightly different name, using another platform or listing as a 'private room' (which isn't affected at the moment)
19. Airbnb hosts in the UK are advised to abide by minimum safety regulations. Airbnb are investigating initiatives such as providing smoke alarms and carbon monoxide monitors to hosts in the UK.
20. HMRC is looking into how websites in the 'gig economy' like Airbnb can help ensure correct taxes are paid.
21. Some research on the impact of Airbnb has shown a positive influence on increasing the number of visitors to a destination, pushing tourist spend out into neighbourhoods where tourists wouldn't normally stay.
22. Some limited research on the impact to existing hotels has taken place, but is fragmented and limited in scope. Hoteliers generally remain concerned that the platform's hosts face less regulation and have none of the traditional overhead costs of a hotel.
23. A bill introduced by Karen Buck, MP for Westminster North, to require the simple online registration for anyone wanting to let out a room or a property on a short term basis has received cross party support this year, but is not likely to proceed further without government support and legislation.

Waste collection

24. If an address is registered for council tax, it receives a domestic waste and recycling collection. If not and it pays business rates, it would be expected to arrange its own commercial collections.
25. From waste streams alone, it would be difficult to determine whether or not a property is being used for short term lettings, such as Airbnb. People can run their home as a B&B and still be 100% rated as domestic, so occasionally renting out a room/s (like Airbnb) would likely fall in that category and we would still provide a domestic collection.

26. If we receive information that suggests a property may need or should have a trade waste collection, officer/s would investigate and base any decision on the findings of that investigation.

Planning

27. There is no single planning designation that would apply across all short-term lets. Generally, the use of a dwelling for short-term let purposes would be unlikely to require planning permission unless it was causing significant impacts over and above what would be expected if the unit was occupied as a permanent residence. This is unlikely to be the case for most holiday lets, particularly within smaller premises. Whether a change of use has occurred from 'single private dwelling house' is therefore a 'matter of fact and degree' on a case-by-case basis with reference to case law.
28. 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.

Short-term lets as Houses of Multiple Occupation (HMOs)

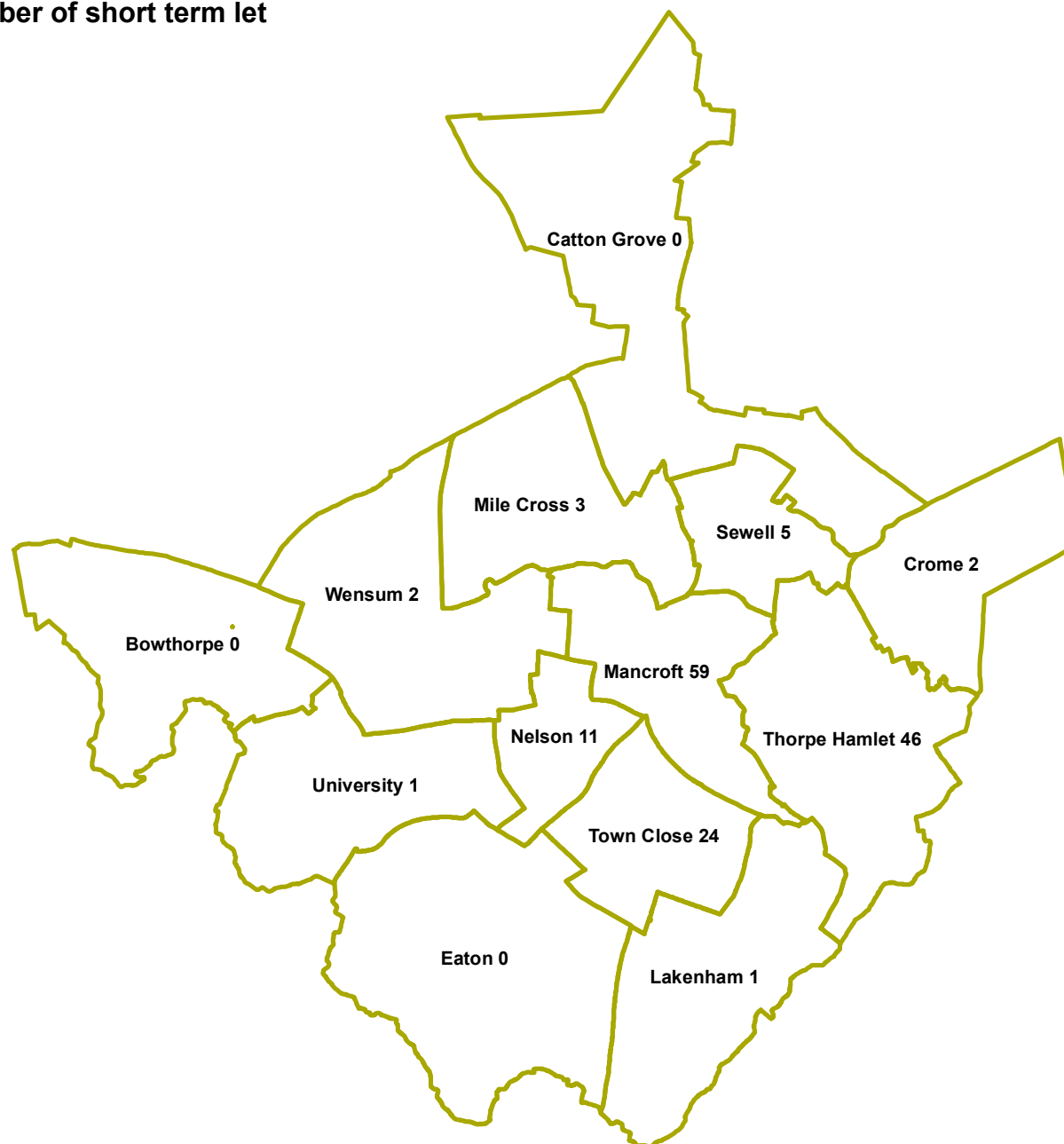
29. The definitions of HMOs and the duty to license them are derived from The Housing Act 2004. In order to qualify as an HMO the property must be used as the tenants' only or main residence and it should be used solely or mainly to house tenants. Therefore most short-term lets, if they are genuinely being used on a short-term basis, would not fall under this definition and would be subject to a different regulatory regime.
30. The exception would be where a room or rooms within a larger property, which also houses tenants on a longer-term basis, is designated as a 'short-term let'. These designations may be genuine, but we are aware of cases where there is intent to avoid falling under the scope of HMO licensing. If these instances are brought to the council's attention, we will assess the situation on a case-by-case basis, but we do not have resource to proactively seek them out.

Business rates and council tax (extract from March Scrutiny report on debt enforcement)

31. The council has tried to review some Airbnb properties in Norwich, however, one of the issues in finding them is that unless you actually book the property you cannot get the actual address.

32. To be non-domestic property, it will have to be made available on a commercial basis for not less than 140 days
33. If the owner has only one commercial property and the rateable value is £12k or less per year (which an Airbnb property would most certainly be) they would receive full rate relief. They can have a second property and keep the full relief on the first as long as the rateable value of both does not exceed £20k.
34. It is likely that someone owning a second furnished property would pay less on business rates than council tax under these circumstances.
35. This is something the council has looked in to but did not get too far as they are very difficult to locate and investigate. The ones the council did track down were unoccupied and it was unlikely that they would have met the above criteria.
36. In these circumstances it appears to be more advantageous to receive council tax on the properties in question rather than have them with full relief from business rates.

Ward map showing number of short term let properties in Norwich



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Short term lets by ward

Drawn: SRB Scale: 1:59,212 Date: 19/06/18

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