

Appendix 1:

O&S Task & Finish Group Scoping Paper

Topic: Short Term Lets

Parent Committee: Place O&S

Committee Meeting: 01 October 2024

Membership. Voting Members: 3 Lab, 1 Green, 1 Con. 1 Independent Member should they wish to join. Non-voting members: Place and/or People co-opted members with an interest in this issue. Any non-executive member can sit on a task & finish group.

Terms of Reference. Terms of Reference to be agreed by Place O&S committee.

Definition. The term “short term let” can encompass a range of activity associated with a dwelling. Some short term lets may be let out for a limited period while the owner themselves go on holiday. Others may be properties that provide for a series of lets for holidays etc or very short term overnight sleeping accommodation including renting an individual bedroom while the owners are in situ. For the purposes of this Task & Finish group, STLs can be defined as the “use of a dwellinghouse that is not a sole or main residence for temporary sleeping accommodation for the purpose of holiday, leisure, recreation, business or other travel.” **The Issue.** STLs are a historic feature of tourist areas and have become an important part of Brighton & Hove’s visitor accommodation offer, as they bring a range of benefits from extra income for homeowners and the city economy through increased visitor spend, to increased choice for consumers, to supporting the city’s ability to host world-class events by providing additional accommodation capacity. In Brighton & Hove these holiday lets were traditionally mainly clustered in the city centre and near to the seafront. However, recent years have seen the numbers of STLs increase rapidly. Whilst most of this growth in the UK has typically been in coastal towns, national parks and some city centres, there has also been an increase in the number of STLs in residential areas of tourist towns and cities. The growth of STLs has been driven by the emergence of online companies such as Airbnb and booking.com, by the increased purchase of residential properties as investment opportunities, and recent staycation trends.

The expansion of the STL market has benefits to the local economy. Firstly, while there is an overlap between the market for STLs and that for hotels and b&bs, some visitors have an active preference for STLs and a thriving STL market can consequently attract additional visitors. Secondly, local hotel and b&b capacity may not always be sufficient to cope with demand, and having an active STL market may be key in making certain events viable. In Brighton & Hove, given the limited number of city centre development sites there are, it may not be a simple matter to expand hotel provision even if there was demand for additional places, so the STL market may have a particularly important role to play in maintaining and expanding the city visitor economy. Thirdly, having an accommodation market that includes STLs can be good for visitors in that competition helps cap accommodation prices.

Restricting or banning STLs could result in appreciably higher hotel room costs, due to there being less accommodation available for visitors to stay, particularly at times of high demand. Fourthly, periodically renting out some or all of their home provides income to people living in the city.

However, there are also potential negative impacts of a large STL sector.

- **Housing Supply.** The more permanent, commercially run STLs there are in an area, the fewer properties are available for sale or for long term rent, so a large STL market can potentially have a negative impact on housing supply and prices. This will be a particular issue in areas that already experience high demand for housing and where housing affordability already is an issue.
- **Planning.** Currently in England, short term lets are classified as a residential use (C3 Use Class), meaning generally planning permission is not required for a change of use unless there has been a material change of use that can be evidenced and this is assessed case by case. The previous government had proposed making changes to planning law that would have created a new Short Term Lets use class (C5 Use Class) which could help local authorities manage new short term lets. However, these planned changes were not enacted. The current government has indicated that it recognises issues with STLs and is minded to act, and the council has lobbied the current government to bring forward changes to planning and a registration scheme. (see below).
- **Nuisance.** The traditional STL sector was largely aimed at families. Many families still use STLs, and whilst the market expanded into providing accommodation for stag and hen parties etc at the time of the last scrutiny report, the majority of STLs are 1-2 bedroom properties. This, coupled with the growth of an STL market in residential (and typically quieter) areas, means that there can be considerable nuisance problems – noise nuisance, anti-social behaviour, pressure on limited parking, rubbish left out incorrectly etc. Even with steps taken by providers to ban parties and when the occupants of STLs are considerate neighbours, there can still be a negative impact on settled communities of having a constant flow of strangers, particularly in residential blocks. Concerns have also been raised about the change in character in areas with high proportions of STLs in certain streets. As these properties are not 100% occupancy it does have an impact on the overall character.
- **Safety.** All homes being used by multiple people need to meet fire safety standards, but there is currently no licensing regime for STLs, so it is unclear whether all STL owners follow the correct safety procedures.
- **Council Tax/Business Rates.** Given the lack of an STL licensing regime, it is unclear how many STLs there are, and consequently unclear whether all STL owners are paying the correct levels of business rates or council tax.
- **Impact on visitor economy.** To the degree that hotels and b&bs are in direct competition with STLs, it is sometimes perceived that this is not fair competition, as STLs may not currently have to meet the same regulatory standards as other forms of visitor accommodation. There may also be concerns that STL owners do not currently play the same active role in planning and supporting local visitor economies as do hoteliers and b&b owners. The presence of STLs may serve to reduce hotel and b&b prices as there is price competition across the sector. This is likely to be a positive for visitors, but less so for the hotel and b&b trade.
- **Waste.** Properties operating as businesses must use commercial rather than domestic waste services. However, enforcement of this can be difficult if it is unclear whether a property is being used as a family home or as an STL.

National and International Background. The recent growth in STLs has been noted with concern in tourist cities across the world, with some places, including Barcelona, Amsterdam, Berlin, and New York taking measures to ban or restrict STLs:

<https://www.bbc.com/travel/article/20240701-what-does-a-world-without-airbnb-look-like>

Measures range from an almost total ban on STLs (Barcelona, New York), to limits on the number of nights in a year that a property can be rented for (Berlin, Amsterdam).

The impact of bans or restrictions is debatable. For example, a report by the Harvard Business Review, found that the New York ban on STLs had a negligible impact on long term rental prices, but a significant negative impact on travellers, with a narrower range of properties available, particularly for families with children; and a substantial difference between STL and hotel charges, particularly at times of high demand for accommodation. However, this report does not analyse impacts on housing supply which is often cited as the main reason to impose restrictions or bans. <https://hbr.org/2024/02/what-does-banning-short-term-rentals-really-accomplish>

Places that impose restrictions rather than outright bans tend to differentiate between dedicated STLs and properties with permanent residents who let a room or let only for a limited part of the year, such as Christmas or the summer holidays. The latter action is not viewed as a negative in terms of impacts on housing supply as people are permanently living in properties, although there may still be concerns about nuisance.

The problem is also felt in the UK. In London amended powers derived from the Greater London Council (General Powers) Act (1973) that are not applicable elsewhere in England allow property owners to rent a whole property for up to 90 nights per year without planning permission. However London Boroughs have expressed frustrations at the ability to enforce this 90 day limit: [GLA Housing Research Note 4 – short term and holiday letting in London 2020](#).

Airbnb have measures in place that automatically bar London properties advertising on their platform once 90 days of bookings have been reached within a calendar year unless there is proof that the property is appropriately registered.

Recent research assessing the impacts of Airbnb listings on London house prices provides useful findings, but the authors caution that the positive impact on growth of STL and house prices in some locations within Inner London Boroughs should not be assumed to be the same for other UK cities. [Assessing the impacts of Airbnb listings on London House prices, James Todd, Anwar Musah and James Cheshire, University College London EPB: Urban Analytics and City Science, 2022, Vol.49 \(1\)](#)

Scotland operates its own legal arrangements, with mandatory licensing for all short term rentals, even if they only rent a room for one night a year. Scottish councils also recently acquired the ability to establish 'control areas' where there are restrictions on STLs, including requiring change of use permission to rent any part of a property. Edinburgh instituted a control area in September 2022. <https://www.gov.scot/publications/short-term-lets/>

In Wales, changes brought in since October 2022 have enabled Welsh authorities to respond to the challenges they face with short term lets. This includes a new C6 short term lets use class and permitted development rights. A number of authorities (e.g. Gwynedd and Snowdonia) are introducing Article 4 Direction to remove the permitted development rights.

Previous Government Proposals for Short Term Lets in England. The previous Conservative Government announced plans to change planning rules to allow local authorities to better manage STLs and to introduce a national, mandatory registration scheme. As well as a new C5 Short Term Lets use class there was a proposal for several permitted development rights that would allow change of use from residential use to the new short term let use without the need for planning permission. This would limit the council's

ability to manage new short term lets in the city and the council would need to introduce an Article 4 Direction to remove this potential permitted development right. An Article 4 Direction (A4D) could be used to take away that permitted right in a specified geographical area of the city where the Council considers it is necessary to protect local amenity or the well-being of the area.

A proposal on a national mandatory registration scheme for short term lets, (not including 'hotels, hostels, and B&Bs'), was to be brought into effect. The intention was that this would be a light touch, low-cost simple national registration scheme which would help local authorities understand the extent and impact of short-term lettings on their communities and underpin compliance with health and safety regulations. The registration scheme proposed by government would oblige all hosts to register their short term let, with real punitive consequences for non-compliance. It would be essential that registration data would then be shared with local authorities, so they can track and monitor the sector, potentially enabling licensing schemes to be introduced in the future.

Further details of all these measures were to be set out when the Government formally responded to the respective consultations. However, these proposals have not been brought into effect following the General Election and there is no indication on the timeframe, any transition period, and whether the current government will bring in the proposals exactly as outlined by the previous government.

Local Background. Issues relating to STL have long been a concern for the city council. In 2013 a member-led Scrutiny Panel was formed to look at 'party houses' – STLs catering specifically to large groups of people such as stag and hen parties. The report can be found here: <https://www.brighton-hove.gov.uk/council-and-democracy/councillors-and-committees/scrutiny-review-panel-short-term-holiday>.

Shortly after the July 2024 General Election, Cllr Gill Williams, wrote to Angela Rayner, Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government, requesting that the Government:

- a. Introduce a statutory licencing scheme for all STLs which requires safety standard compliance
- b. Amend planning regulations to introduce a new class for STLs
- c. Amend national planning policy to provide devolved powers to local authorities to control the number of permitted licences granted in areas of pressure.

There have also been several Notices of Motion to Council on STLs, including NoMs in 2020, 2022 and 2024. The 2024 Notice of Motion that was passed by Council resolved to:

Request a report on the saturation of short-term lets within the city and prepare an options paper of policy recommendations for Cabinet which will mitigate their impact on our communities alongside outlining what the Council can do to prepare for planning powers so an Article 4 Direction (A4D) can be implemented. Suggested areas the report may cover include:

- a. identifying suitable area(s) within the city that the A4D should apply to;
- b. beginning to collate the evidence needed to show why the A4D is necessary for these areas, including the required public consultation;

- c. outlining how the Council can effectively enforce the A4D, should people not seek the proper permission for short-term lets.
- d. outlining how the Council can work with the tourism industry to promote sustainable visitor accommodation provision, including via the Greater Brighton Economic Board.
- e. exploring avenues that could support the adoption of a registration scheme for short-term rental provision, as is set out in the Levelling up and Regeneration Act 2023.

Rather than taking a report directly to Cabinet as agreed in the 2024 Notice of Motion, the STL Task & Finish Group will explore the issues detailed in the NoM recommendations, and will include reference to these in its report. As the task & finish group report, once it has been agreed by Place O&S committee, will be referred to Cabinet, this will ensure that Cabinet receives a report as required by the NoM resolution.

Local Data. There are an estimated 4-5,000 STLs in Brighton & Hove.

There is a lack of a single robust source of data. VisitBritain publishes data monthly on short term rentals based on data provided by Lighthouse (formerly Transparent Intelligence) who track rental listings from the 4 major short term rental platforms (Airbnb, Booking.com, Vrbo and Trip advisor). In June 2024 there were 4,616 short term rental properties in the city, an increase of 19% compared with 2019^[1]. Listings will include homeowners who rent out their spare room/s or entire house to visitors for only part of the year as a way of subsidising their earnings/ whilst they are away on work/travel as well as whole houses being used permanently for short term lets operating a commercial enterprise. It should be noted that the available data is only a 'snap shot' in time and numbers will fluctuate during the year.

Over 11 million people visited the city in 2022, of which over 1.5 million stayed overnight. Day visitors spent an average of £37.00 per person, while staying visitors spent £110.00 per person. The visitor economy was worth over £1 billion in economic benefit. Tourism supported more than 23,000 jobs, about 16% of all jobs in the city. Overnight visitors in 2022 contributed £576m to the local economy^[1].

In 2022, visitors spent a total of 5.2 million nights in Brighton and Hove, with 2.97 million nights in serviced or self-catering accommodation⁴. This equates to an average demand of 8,137 bed spaces per night. These figures relate to average requirements: demand fluctuates, peaking on weekends, from April to September, and surging further during major events and conferences.

Short term lets are integral to the Brighton & Hove accommodation portfolio; holiday cottages, home stays and self-catering apartments have been a mainstay for holiday makers for years. They also offer flexible additional capacity, enabling the City to host large scale events, which are crucial for generating revenue outside the core holiday periods.

⁴ [Economic Impact of Tourism Assessment 2022, Economic Impact of Tourism - Brighton and Hove Report 2022.pdf \(visitbrighton.com\)](#).

Potential Areas of Enquiry

- Understanding the number and location of STLs in Brighton & Hove and future trends
- Understanding concerns raised by residents when requesting an enforcement investigation including nuisance associated with STLs
- To understand the potential impacts on housing supply and on house prices/rents

- To understand the impacts of the rapid growth on STLs on the hospitality sector
- To understand the current/future options to manage/regulate the STL sector
- To understand other issues associated with STLs such as:
 - STLs and fire safety
 - STLs and waste
 - STLs and community cohesion
- What measures could the council take to control the spread/mitigate the impact of STLs if it had legal powers to do so and what further evidence gathering is required?

Potential Witnesses.

- BHCC Planning – what are the current planning powers in relation to STLs? How might potential changes to planning indicated by the previous government help the city manage STLs? What role could the City Plan review play and what would need to be done to bring forward an Article 4 Direction if needed?
- BHCC Housing and Planning – what current data is there on the impact of STLs on housing availability and affordability?
- BHCC City Clean – what are the current regulations in terms of commercial vs residential waste and how are these enforced for STLs
- BHCC Tourism/Visit Brighton – How many STLs do we think are in operation in Brighton & Hove? How do STLs contribute to/impact on the local visitor economy?
- BHCC Environmental Protection Team & Community Safety – what is the level of complaints about STLs? How has the current coordinated enforcement approach been working?
- BHCC Revenues & Benefits – what is the business rate and council tax position regarding STLs? How does the council ensure that businesses are appropriately registered?
- East Sussex Fire & Rescue Authority – what are the issues facing ESFRA in terms of ensuring that STLs meet fire safety standards?
- Hotels and b&bs – what is the hotel industry’s attitude to the role of STLs in the city? What changes would they like to see?
- STL providers/platforms – what is the view from the STL industry on licensing, regulation etc.?
- Local residents/community associations – what problems do you encounter with STLs? What changes would you like to see?
- City Universities – is there any specific research on STLs that would be helpful to the panel?