

# Central London Forward: Response to the ‘Developing a tourist accommodation registration scheme in England: call for evidence’

## Who we are

Central London Forward is a partnership of the 12 central London local authorities<sup>1</sup>. We work together with our members and other stakeholders to support inclusive and sustainable growth in; so our economy thrives, and our residents benefit from the opportunities this creates.

## Executive Summary

The visitor economy is of vital importance to central London. Before the pandemic, London was the third most visited city on the planet, and tourism supported one in seven jobs. London accounted for 53% of all visits to the UK, with an inbound spend of £15.7bn ([Statista. 2022](#)).

The rapid growth of the short-term let sector has played a role in London’s success as an international visitor hub, increasing choice and capacity. However, there are concerns that the lack of regulation of short-term lets is creating nuisance for residents, hampering enforcement, and exacerbating housing market pressures.

CLF recommends that a **compulsory registration system is introduced by central government**. This system should be applied across short-term let platforms, with hosts required to provide suitable documentation prior to letting their properties. The system should ensure data sharing between local authorities and short-term let platforms to enforce against nuisance or illegal lets.

## Benefits of the short-term let sector

Short-term lets are increasingly popular among visitors to London. Alongside traditional accommodation, short term lets provide greater choice for visitors, and they have helped increase capacity in the visitor economy.

Airbnb estimated that guests and hosts using Airbnb in London generated £1.3 billion in economic activity in 2018. Guest spending in the local economy accounted for £918 million, with hosts earning nearly £350 million ([Airbnb, 2018](#)). This economic activity is particularly important as the visitor economy recovers from the pandemic.

Some Londoners benefit from additional income from renting out properties. In 2018, the average Airbnb host in London took home £2,600 in earnings ([Airbnb, 2018](#)). However, this income tends to accrue to Londoners who are already asset rich, and the short-let sector generates less employment than other forms of accommodation.

## Growing concerns about the short-term let sector

Over the past decade the number of short-term lets has grown exponentially. The number of listings in London grew by almost five times (378%) between April 2015 and March 2020 ([House of Commons 2022](#)).

In December 2019 Airbnb’s listings of entire homes was equivalent to 1.2% of the total housing stock of London. However, the concentration of this stock in central London means that the

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<sup>1</sup> Camden, City of London, Hackney, Haringey Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth and Westminster

figures are far higher in some areas, including 5.4% of total housing stock in Westminster, 5.3% in the Royal Borough of Kensington and Chelsea and 3.6% in Tower Hamlets ([GLA, 2020](#)).

There are significant concerns that many lets breach the 90-night limit required in the Deregulation Act 2015. Approximately 23%, or 11,200, of all Airbnb listings in London were in breach of the 90-night rule ([GLA, 2020](#)). Westminster City Council analysis found that on average, 26% of listings in the borough are available for over 90 nights of the year.

The rapid growth of the short term let market, and its concentration in central London, raises concerns about the impact on the housing market, including on availability and affordability in the sub-region. Research from Capital Economics suggests that 200,000 – 500,000 properties currently used as long-term private lets could be lost to short-term lets across the UK as landlords seek to make better financial returns on their assets – this figure could represent between 38,000 and 90,000 homes in London ([Capital Economics, 2020](#)). This would add to the already high and growing pressure on the private rented sector in the capital.

There are major challenges relating to nuisance and anti-social behaviour in short-term lets. In Westminster between March 2019 and May 2022 over 270 cases of anti-social behaviour were logged which directly related to short-term lets. There is no registration scheme or data sharing between platforms and local authorities, which makes enforcement against nuisance, anti-social behaviour or noise complaints difficult.

### **Practical and light touch regulation**

The introduction of a simple, proportionate and mandatory registration system for the short-term let sector will enable central London's local authorities to monitor the market, enforce minimum standards, and avoid some of the negative impacts of the sector.

Central London's local authorities are ready to work with central government to develop a registration scheme.

### **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?**

It is difficult to measure the size of the short-term and holiday letting market. However, all sources indicate that central London has a large concentration of short-term let properties, and that the number has increased exponentially over the past decade.

There is a lack of robust data on the short-term lets market, due largely to the lack of regulation. Analysts and local authorities have been able to undertake "data scraping" exercises from short-term let websites to build a picture of the market. However, this approach has limitations; listings may be duplicated across multiple sites, and properties listed may not be active.

London Councils estimate there were 108,000 listings in London across all short-term let platforms in late 2019, with two thirds (68%) being entire homes. Just seven central London boroughs (Camden, City of London, Islington, Kensington and Chelsea, Lambeth, Southwark, Westminster) accounted for three in five (57%) of homes being let ([London Councils, 2020](#)).

Airbnb accounts for approximately 65% of London's short-term lets market ([GLA, 2020](#)). In 2017/18 they had 75,700 active listings providing overnight accommodation for 2.2 million guests ([Airbnb, 2018](#)). The GLA estimate that in May 2019, there were 80,770 short-term lets on Airbnb ([GLA, 2020](#)).

Short-term lets can include shared or private rooms within a home or an entire property. Entire properties are more common in central London ([House of Commons, 2022](#)).

In December 2019 Airbnb listings of entire homes was equivalent to 1.2% of the total housing stock of London. This number is higher in central London, where it is equivalent to 5.4% of housing stock in Westminster, 5.3% in Kensington and Chelsea and 3.6% in Tower Hamlets ([GLA, 2020](#)).

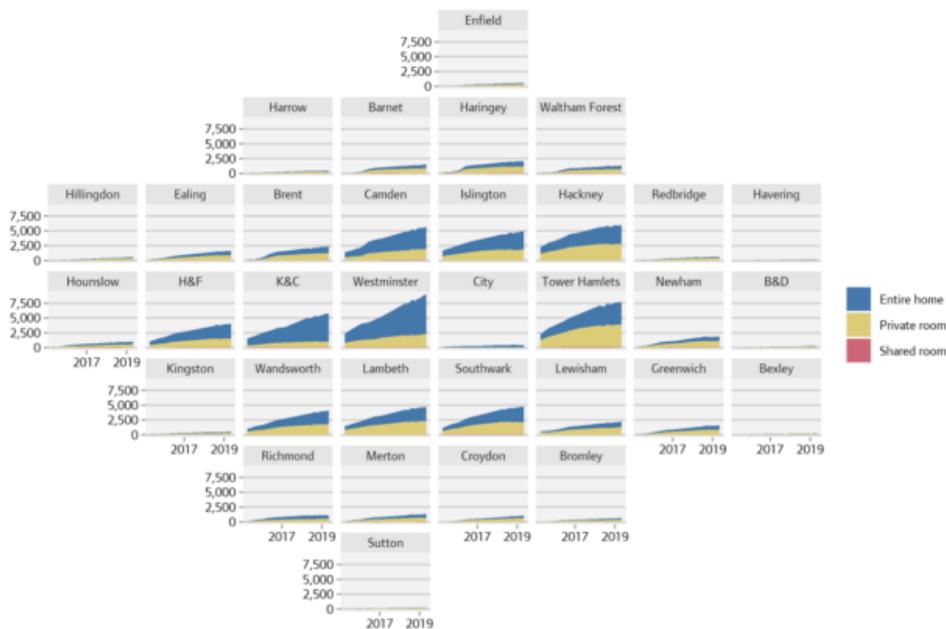
Over the past decade the number of short-term lets has grown exponentially. The table below highlights estimates of the growth of the short term let market in recent years. While they use different methodologies and dates, each shows the sector has grown rapidly.

*Table 1: Growth of Short-Term Lets in London*

| Source                                 | % Increase | Time Period             |
|--|------------|-------------------------|
| <a href="#">Simcock, 2020</a>          | 571%       | April 2014 – April 2019 |
| <a href="#">GLA, 2020</a>              | 338%       | April 2015 – May 2019   |
| <a href="#">House of Commons, 2022</a> | 378%       | April 2015 – March 2020 |

The GLA have also captured the growth of short-term lets in a four-year period within the central London boroughs (see Figure 1). Westminster alone had over 6600 additional listings recorded, with significant growth in Camden, Hackney, Islington, Kensington and Chelsea, Southwark, Tower Hamlets and Wandsworth.

**Figure 1: Number of Airbnb listings in London boroughs, April 2015 to May 2019.**  
Source: [GLA 2020](#)



COVID-19 impacted the number of short-term let properties in central London. Inside Airbnb estimate that the number of short-term lets in London fell by 23% between March 2020 and October 2021 ([House of Commons, 2022](#)). However, with travel restrictions having lifted, it is likely that the number of listings will increase again as demand recovers.

**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**

a) Homeowners:

CLF supports regulated short-term letting, in order to allow responsible residents to make best use of their homes, either by renting out private rooms or the entire property for limited time, in order to boost their income. In 2018 the average Airbnb host in London took home £2,600 in earnings ([Airbnb, 2018](#)).

However, there are a significant number of Airbnb hosts in London with multiple listings. The GLA estimates that 55% of all listings are linked to one host. However, 15% of properties are managed by “super-hosts” who are linked to 11 or more properties. Just 20 hosts are linked to 2,320 listings. Properties in central London boroughs, including Westminster, Tower Hamlets and Camden are more likely to be let by super-hosts ([GLA, 2020](#)). A large proportion of these properties are being let for more than the maximum number of days per year.

b) Consumers:

The growth of the short-term let market in central London has given consumers greater choice and flexibility in accommodation and location when visiting central London. It has also helped increase capacity in the sector, attracting in more visitors, and contributing to the growth of the visitor economy.

c) Businesses and the wider economy:

The visitor economy is vital for central London. Pre-pandemic, the capital was the third most visited city on the planet. London accounted for 53% of all visits to the UK, with an inbound spend of £15.7bn, and tourism supported one in seven jobs ([Statista, 2022](#)).

Airbnb estimated that guests and hosts using Airbnb in London generated £1.3 billion in economic activity in 2018. Of this, £918m was guests spending in the local economy, with hosts earning nearly £350 million ([Airbnb, 2018](#)).

However, while the short-term let market may increase choice and capacity, much of the income generated accrues to a small number of individuals who manage a large number of properties. The sector is also less jobs-rich than more traditional accommodation options such as hotels.

**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**

Option 1 – Yes, this is a major problem.

Deregulation Act 2015 and the 90-night limit

The Deregulation Act 2015 imposes a 90-night limit on short-term lets in London per year without obtaining a license through their local council. This cap was introduced to protect the stock of residential units in permanent use given the significant housing challenges in London. Airbnb have voluntarily introduced a cap on their platform’s lets in line with this and are the only platform to do so. Despite this, there is growing evidence that many short-term let properties may be breaching the 90-night limit, including those on Airbnb.

According to the GLA, approximately 23%, or 11,200, of all Airbnb listings in London were in breach of the 90-night rule, with these listings concentrated in the central London boroughs of Camden, Kensington and Chelsea, Southwark, Tower Hamlets and Westminster. Westminster City Council estimate that 26% of listings in their borough are available for over 90 nights of the year – rising to 41% in Covent Garden. In Camden this figure is 48% ([London Councils, 2020](#)).

Local authorities lack the information to enforce the 90-night limit as there is no registration system to link homeowners to properties, nor is there meaningful data-sharing between short-term let platforms and local authorities. The introduction of a registration scheme, along with appropriate data sharing between platforms and local authorities, would help local authorities enforce against those short-term lets which breach the 90-night limit.

### Social Housing Tenant Contract Breaches

It is illegal to sub-let a socially rented council leasehold property. Westminster City Council have identified 288 cases of potentially illegal sub-letting since January 2018. However, investigating and collecting evidence on such cases can be very resource intensive, with only successful prosecution ([BBC News, 2019](#)). Airbnb and the Royal Borough of Kensington and Chelsea are piloting a new approach to stop social housing tenants illegally subletting their homes. Airbnb share payment data with the council to be used in prosecutions in order to tackle housing fraud ([BBC News, 2022](#)).

The introduction of a registration scheme would both deter illegal letting, and it would enable local authorities to identify and enforce against any such illegal letting.

### **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**

Option 1 – Yes, this is a major problem.

London faces a housing crisis. The rapid increase in and the concentration of short-term lets may be exacerbating this problem and creating significant adverse consequences for the capital's housing market.

London is experiencing an acute housing shortage. The London Plan states that 66,000 new homes need to be built every year for 10 years to meet the needs of Londoners ([GLA, 2021](#)). The average asking price of a home in London is 87% higher than the national average. Rents in the private rented sector are an average of £2,257- the highest ever recorded. Londoners spend on average 34% of their income on rent in the private rented sector ([GLA, 2022](#)).

In December 2019 Airbnb listings of entire homes was equivalent to 1.2% of the total housing stock of London. However, this proportion was far higher in central London, with Airbnb lettings accounting for 5.4% of housing stock in Westminster, 5.3% in the Royal Borough of Kensington and Chelsea and 3.6% in Tower Hamlets ([GLA, 2020](#)).

Westminster City Council estimate that pre-pandemic, 1 in 13 or 7.5% of housing stock in Westminster was an entire property used as a short-term let. Over one in four of these properties were let for more than the 90-night limit per year.

The rapid rise in short-term lets, and the heavy concentration in central London, has generated growing concerns that the sector is undermining the availability of housing for Londoners, and putting additional pressure on the housing market.

A survey of UK residential landlords found that 7% have started to offer properties as short-term lets that they previously let in the private rented sector ([ResearchGate, 2017](#)). Further, research from Capital Economics suggests that between 200,000 and half a million properties currently used as long-term private lets could be lost to short-term lets across the UK as landlords seek to make better financial returns on their assets – this figure could represent between 38,000 and 90,000 homes in London ([Capital Economics, 2020](#)).

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

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

Option 1 – Yes, this is a major problem.

The increase in short-term lets have been linked to a rise in complaints made to local authorities. There has been much media coverage of nuisance caused by short-term let properties – particularly properties which were used routinely for hosting parties. In Westminster, between March 2019 and May 2022, over 270 cases of anti-social behaviour were logged which were directly related to short-term lets.

In 2020, a temporary ban on parties in Airbnb properties was put in place globally. This was made permanent in June 2022 ([Airbnb, 2022](#)).

According to London Councils, the most frequently cited complaints relating to short-term lets are anti-social behaviour, fly-tipping / waste, crime and safety and security ([London Councils, 2020](#)). Table 2, which uses anonymised borough data, demonstrates the increase in complaints and officer time taken to investigate.

*Table 2: Number of complaints by London borough ([GLA, 2020](#))*

| Number of complaints received | Complaints in 2016 | Complaints in 2018 | Estimated officer time in 2018 (hours) |
|-------------------------------|--------------------|--------------------|--|
| Borough 1                     | 413                | 490                | 14,112                                 |
| Borough 2                     | 26                 | 101                | 800                                    |
| Borough 3                     | 58                 | 67                 | 1,340                                  |
| Borough 4                     | 24                 | 25                 | 400-650*                               |
| Borough 5                     | 15                 | 17                 | 1,500                                  |
| Borough 6                     | 8                  | 17                 | 100                                    |
| Borough 7                     | 11                 | 13                 | 400                                    |
| Borough 8                     | 1                  | 5                  | 40                                     |
| Borough 9                     | 0                  | 5                  | 20                                     |
| Borough 10                    | 0                  | 3                  | 45                                     |
| Borough 11                    | 2                  | 1                  | 12                                     |
| Borough 12                    | 0                  | 1                  | 10                                     |

**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**

Option 1 – Yes.

CLF is concerned that the short-term lets sector is in some cases unfairly undercutting the accommodation sector.

The traditional hotel sector is an important part of central London's economy, generating a large number of jobs.

Hotels face comparatively higher costs, including through business rates. For example, prior to the pandemic, there were more rooms available for short-term let in the Park West Apartments complex than in the nearby Ritz Hotel. However, while the Ritz pays £2.27m in business rates annually, the combined council tax bill of Park West Apartments known to be short-term lets is just £92,686.

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

- **1 - Do nothing**
- **2 - Provide more information to the sector**
- **3 - Develop a self-certification registration scheme**
- **4 - Develop a registration scheme with light-touch checks -**
- **5 - Develop a licencing scheme with physical checks of the premises –**
- **6 - Regulatory alternative to a registration system, such as extension of the Deregulation Act 2015**

Option 4 – Develop a registration scheme with light-touch checks

CLF would support the development of a centralised registration scheme for the short-term let market. Such a scheme should be mandatory, but simple and proportionate for all homeowners or landlords across all short-term let platforms.

The introduction of a centralised registration system would give local authorities the ability to enforce the 90-night limit on short-term lets, and prevent illegal sub-letting. It could enable more effective enforcement against noise and nuisance, and provide local authorities with valuable data to help understand and manage the sector.

Any registration scheme must be accompanied by sufficient information-sharing with local authorities – this should include data on hosts details, property addresses, and documentation to demonstrate compliance with fire safety and other certificates.

The registration system could be fee-based and structured so that those hosts with one property pay less or no fees than those with multiple listings. This would help to discourage the commercialisation of the short-term let market, particularly for entire properties. Any registration scheme put in place should be cost neutral for local authorities.

CLF and our member authorities – along with other stakeholders such as London Councils and the GLA – are ready to work with central government to develop a registration scheme.