



Department for  
Communities and  
Local Government

# Promoting the sharing economy in London

Policy on short-term use of residential property in London



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## Introduction

1. While in all other parts of the country residents are able to let out their homes for short periods as a matter of course, in London short-term use is strictly regulated under legislation dating back to the 1970s. Short-term use as temporary sleeping accommodation is only permitted once planning permission is obtained from the local authority, which is a bureaucratic and disproportionate process for all concerned.
2. The Government is taking forward reforms to modernise Section 25 of the Greater London Council (General Powers) Act 1973. This will enable Londoners to participate in the sharing economy and benefit from recent innovations in information technology by letting out either a spare room or their whole house in the same way as other residents across the country. This policy is aimed at helping residents, and not providing opportunities for the commercial sector.
3. This policy statement responds to our Review of Property Conditions in the Private Rented Sector discussion document and sets out the Government's approach to modernising this out-dated legislation, so that residents can allow their homes to be used on a short-term basis without unnecessary red tape. The Government has carefully considered the views put forward in response and in the debates in both Houses, and is bringing forward safeguards to protect London's housing supply and residential amenity.

## Why reform is needed

4. Section 25 of the Greater London Council (General Powers) Act 1973 provides that the use of residential premises for temporary sleeping accommodation for less than 90 consecutive nights is a change of use, for which planning permission is required. London residents face a possible fine of up to £20,000 for each 'offence' of failing to secure planning permission.
5. The internet has created entirely new ways to do business. It has made it much easier for people to rent out their property, allowing residents to supplement their incomes and offer new experiences for consumers. Last summer, nearly 5 million overseas visitors came to the Capital. Some of those visitors, as well as UK residents, want to experience London as a local. This means either staying with Londoners, or in their homes while they are away on holiday.
6. There are currently thousands of London properties and rooms advertised for use as short-term accommodation on websites. However, each is potentially in breach of Section 25 as it stands. The current legislation is poorly enforced leading to confusion and uncertainty for householders as to whether their local authority will take planning enforcement action against them for unauthorised short-term letting. This was evident during the London Olympics where there was some controversy over the inconsistent application of the legislation across the Boroughs. Every year, thousands of visitors enjoy their holidays in Londoners' homes, and short-term letting already supports major events such as the tennis at Wimbledon. This legislation does not apply outside London, and in other areas of the country, residents are able to let their homes for

short periods as a matter of course, without visible adverse effects. This is an opportunity for the Capital to catch up with the 21st Century way of living.

7. The Government's proposals will not only benefit London's strong tourism industry by expanding the pool of competitively priced accommodation, it will also allow families to earn extra income by making their home or spare rooms available to visitors. This is a financial benefit to householders which could help contribute to the cost of their own holidays, or be spent within the London economy. The proposal is part of the Government's wider programme to support the economy and builds on measures already put in place, such as planning guidance to encourage the sharing of car parking spaces.
8. Staying in a Londoner's home offers an alternative to hotels and guesthouses, and further supports the wider tourism industry. In addition, such accommodation helps those temporarily working in the Capital or searching for a place to live, by expanding the pool of competitively priced accommodation.
9. Residential homes provide a different type of accommodation from the average hotel or guesthouse. Renting a room in a person's home or renting their home while they are away provides the opportunity to travel and live like a local. Websites advertising householder's rooms and homes indicate that there is a wide variety of accommodation available in different locations, many of which are outside the current central hotel zones.
10. London is a great city, and the Government wants to give Londoners the opportunity to be part of this modern approach and able to participate fully in the sharing economy. We want to open up this great global city to more visitors by embracing these new opportunities to allow people to make better use of their property.

## Discussion Document

11. The Government sought views on the need for reform of short-term letting in London in the Review of Property Conditions in the Private Rented Sector discussion paper. Question 22 asked:

***“Should the relevant provisions of the Greater London Powers Act 1973 be reviewed or updated, does London need separate rules from the rest of England, and what comments would you have on how regulations could better support and reflect modern technology?”***

12. Responses to the discussion document were requested by 28 March 2014. There were 97 responses to the question on short-term letting in London. 30% were in support of a review with 70% raising issues for consideration.
13. Of the 33 London authorities, 15 responded. Of those, 7 authorities were not opposed to a review. 8 authorities and London Councils were opposed to changing the legislation on the basis that they fear an increase in short-term letting would lead to a loss of amenity and housing supply.

14. Organisations and individuals involved in short-term letting in London were strongly supportive of the proposals to modernise this legislation.
15. Responses from some of the providers of accommodation sharing websites suggested change should focus on allowing resident home owners and tenants to be able to take in paying guests or rent out their homes for short periods, and were not generally advocating unrestricted deregulation of short-term use. They recognised the value of being able to prevent the conversion of what would otherwise be family accommodation into permanent short-term use. Responses also demonstrated that the current legislation had not prevented London residents from using property sharing websites in significant numbers.
16. Individual residents also called for there to be clarity on what level of short-term use was acceptable. They also suggested it was reasonable that they should enjoy the same freedoms of residents elsewhere in England, to make best use of their homes without the fear of enforcement action.
17. Those with concerns included individuals, some residents associations, property owners and representative bodies and local authorities. A particular concern centred on the issues arising from frequency of tenant turnover and the nature of tenants who accessed property on a short-term basis. Other points that were made included the risk of losing existing family housing from the mainstream market, and loss of amenity; fear of crime, noise and disturbance, fire risk and hygiene; short-term use undermining the current policy to increase and improve the long-term private rented sector; discouraging downsizing and freeing up of larger homes; and the need to ensure consistent regulation of the hotel sector and short-term use.
18. Local authority responses confirmed that enforcement of the existing provisions is discretionary, and generally residents engaged in the short-term letting of their property were not the target of enforcement action. This meant that residents were able to, and did, advertise their homes for short-term use during major sporting and tourist events such as Wimbledon. Enforcement action was usually proportionate to the situation, and this usually occurred where there was no one living permanently at the property.
19. Local authorities also confirmed that in considering any enforcement they would usually be mindful that some forms of short-term use will already be classed as a material change of use under Building Regulations, which results in the need for work to be carried out to upgrade the building to appropriate standards. There are also Fire Safety provisions which would need to be checked for compliance.
20. Therefore it was clear that the existing focus for concern was where a property was permanently in short-term use, and this was where enforcement actions were largely targeted. The need for other related regulations, such as health and safety legislation, to remain in place was also recognised as important.

## Government approach

21. The Government has carefully considered the representations received in response to the discussion document and the debates during the passage of the Deregulation Bill, and recognises that permanent short-term use of a residential property should require planning permission. The Government also believes that the short-term letting of a property by a resident is reasonable, and that measures should be put in place to provide for this.
22. In order to address the issues raised and ensure appropriate safeguards, the Government intends to restrict short-term letting of residential premises to a maximum of 90 days in a calendar year. Restricting short-term use to no more than 90 days a year means that properties cannot be used as temporary sleeping accommodation on a permanent basis throughout the year, and any impact on local amenity is kept within acceptable limits.
23. In addition to this, the Government also intends to put in place the following additional safeguards through regulations:
  - i) Clear arrangements for enforcement of the Bill's provisions. To protect amenity and address concerns over nuisance, the Government proposes that the new flexibility should be able to be withdrawn from particular properties after just one successful enforcement action against a statutory nuisance. This should ensure protections are in place to prevent abuse.
  - ii) Provision for local authorities to request that the Secretary of State agrees to targeted localised exemptions from the new flexibility, where there is a strong amenity case to do so. This should ensure this provision is only used where clearly justified.
  - iii) The requirement that properties benefiting from the new flexibility must be liable for council tax.
24. The Government's policy does not provide for new opportunities for short-term use on a permanent or commercial basis. As at present, property owners will still have to seek planning permission from their local authority if they wish to change the use of premises, for example from a private home to a hotel or hostel. It will also remain a matter for local planning authorities to determine whether an unauthorised change of use has taken place, and whether they should take planning enforcement action in the public interest. These reforms will primarily benefit homeowners; the changes will not affect any existing clauses in tenancy contracts which prohibit sub-letting by tenants.
25. It is also the case that these reforms will do nothing to weaken the duty on a local authority, or their powers to investigate complaints of statutory nuisance from people living within its area, or taking action against those responsible. Similarly, other relevant existing legislation, such as health and safety requirements, remain in place for properties being let out on a short-term basis.
26. In formulating this policy, the Government has considered its Public Sector Equality Duty under section 149 of the Equalities Act 2010. The Government has not identified any differential impacts on protected groups from these measures, but also

acknowledges that this is an on-going duty and therefore will keep this under review, including when regulations are made.

27. The Government's reforms will deliver the appropriate level of freedom and flexibility for Londoners to temporarily let their homes, without the disproportionate burden of requiring planning permission. Clear safeguards will prevent loss of residential amenity and housing stock. The Government will continue to work closely with interested parties in London, including the local authorities, to ensure effective implementation of these measures. The proposals will give those living in London the confidence to engage in the sharing economy and to act as hosts to those wanting to share our great City.