

National Organisation of Residents Associations (NORA)

Short – term commercial lettings

1. Residents in cities popular with visitors such as Bath, Brighton and York, are experiencing serious problems as a result of the growth in the number of houses being let commercially for short periods to large groups, usually for the weekend. The problems for nearby residents are of excessive noise and unsocial or even lewd behaviour (eg 'naked butlers', often visible from outside the house, or blow-up male genitalia attached to the front door). There is the potential for residential areas to be 'hollowed out' as residents are effectively driven out, because many will leave rather than raise complaints which may affect their ability to sell their houses. These 'party houses' are a particular case of what might be termed the 'AirBnB effect'; the proliferation of short-term commercial rentals of properties of all sizes, many let throughout the week. While some are offered by owner-occupiers to supplement their income, many are being run as commercial operations, often with a portfolio of properties.
2. The proliferation of these establishments has the effect of reducing the stock of residential housing. In most cities, this will be contrary to local plans which require the housing stock to be significantly *increased*. This effect has already been noted in London, where a 90-day limit on Air BnB rentals is in force. In popular tourist destinations such as Barcelona or Venice, it has given rise to protests by residents who can no longer find or afford a place to live in their own cities (the 'doughnut' effect).
3. The existing legal framework makes it difficult for local Councils to control the establishment of short-term commercial lettings, since they do not fit readily into any of the existing use categories. They are not regarded as hotels or guest houses (Class C1) or HMOs (C4). By default, they are treated as C3, and many owners appear to use this to avoid both fire regulations and business rates. However it is quite clearly not normal residential use (C3) when up to 20 people descend on party houses each weekend, or when properties are let out to a series of short-term occupants purely as a commercial operation.
4. Some Councils have attempted to treat these establishments as *sui generis* for planning purposes, and there is case law which helps define when the use of a property moves beyond C3. The lead case appears to be *Moore v SSCLG and Suffolk Coastal District Council* (2012) in which the Inspector identified the key issues relating to such a change of use 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. The Court of Appeal held that the Inspector had approached this correctly. In other cases (*Appeal APP/E5900/W/17/3171527*, *Appeal APP/V5570/W/17/31711082017*, both 2017), the loss of residential housing contrary to the local plan was a key factor in rejection of the applications.
5. NORA submits that the lack of a clearly defined planning status for these establishments hampers local Councils' ability to deal with their proliferation, resulting in serious consequences: for residents, the character of the communities affected, and the objective of increasing the national housing stock. NORA calls on DCLG to create a new use class for short-term commercial lettings. This use class could include:
 - Larger properties with the characteristics identified by the Inspector and upheld by the Court of Appeal in the *Moore* case. It would be a reasonable presumption that an establishment offering more than six bed spaces was being run commercially and not for normal residential or family purposes.
 - Properties of any size that are available for short-term commercial letting for more than, say, 60 days per year.
6. The creation of a clearly defined use class for these establishments would bring them within the scope of normal planning rules and procedures and enable the authorities to ensure that they are subject to the same fire safety and tax regime (such as Business Rates, thereby raising money for Govt, as well as making Party Houses less attractive for landlords) as C1 or C4, and to limit the numbers of such properties in an area (as with HMOs). It would also enable residents to have an input to decisions. An alternative might be a system of licensing short-term lettings (for, say, less than a month).
7. A change of use or licensing system should be applied to existing properties as well as to future proposals for short-term commercial lettings, to ensure that the current scourge is addressed too.