



## Second Home Consultation

### Introduction

Created in 2018 by the merger of the Association of Licensed Multiple Retailers (ALMR) and the British Hospitality Association (BHA), UKHospitality, and UKHospitalityCymru, provide a unified voice for hospitality; coffee shops, contract caterers, hotels, nightclubs, pubs, restaurants, stadia, visitor attractions and many more related businesses.

Engaging with government, the media and the public, UKHospitality and UKHospitalityCymru work to develop a robust case on how to unlock the industry's full potential as the biggest engine for growth in the economy and ensure that the industry's needs are effectively represented

In the UK, Hospitality is the 3rd largest private sector employer; double the size of financial services and bigger than automotive, pharmaceuticals and aerospace combined; it creates £130bn in economic activity and generates £38bn of tax for the Exchequer, funding vital services; Hospitality represents 10% of UK employment, 6% of businesses and 5% of GDP and directly provides 140,000 jobs in Wales with a further 40,000 jobs dependant on it from the supply chain.

Thank you for the opportunity to attend the Committee and to supply evidence.

### Overview

We welcome the Welsh's Government commitment to establish a statutory registration scheme for short-term lets, following the recommendations made in Dr Brooks' report.

The introduction of a nationwide registration system will assist Wales to lead the way in progressive regulation and to be seen as a nation that values innovative, creative and partner-based solutions to policy challenges.

The implementation of a registration scheme should be conducted industry-wide, whilst in collaboration with local authorities and other agencies.



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In practice, such a registration scheme must be a simple to use, national system, industry-supported and run by Government, empowering local authorities, and communities, hosts and guests in equal measure.

Overall, UKHC is supportive of competition in the accommodation sector and is not opposed to the operation of short term lets. UKHC recognises that online platforms (of all types) are innovative and imaginative and will be a permanent, and increasingly prominent, element of the wider digital economy.

However, this is predicated on a fair and level playing field in the accommodation market, which at present does not exist due to short terms lets being able to operate outside of the regulatory and taxation systems. There is also the point that a move towards commercial operations of multiple lets by one landlords/company, will be a move beyond the traditional concept of home sharing as individuals sharing their own homes.

With a growth in short term lets over the past few years, an increase in concerns has simultaneously occurred regarding the lack of regulation, particularly health and safety, fire etc., and secondly, the security of the UK's tax-base associated with such short-term lettings; with an increasing part of the economy operating outside of the standard tax structure.

### The rationale for a registration scheme

**Ensuring customer safety:** A lack of transparency and accountability in the current system only hinders the service for customers. Overcoming these issues will ensure that customers are better protected.

**The consequences of the rise in short-term lets:** With an increase in short-term holiday letting, this has resulted in a decline in the residential housing, leading to lack of availability and choice, further combined with higher rents and higher house prices. This phenomenon has had a knock-on effect of reduced community cohesion through high proportions of transitory visitors.

UKHC fully supports our members in the regulated and defined self-catering accommodation sector, which remains a vital part of the visitor economy and a significant contributor to local economies. We must all continue to seek to support this important part of the industry but we are aware that it is also important that this is done while assisting Welsh Government to meet its environmental, economic and sustainability targets.

**Development through Partnership:** To provide lasting solutions, UKHC seeks a formal reopening of the strategy that helped to produce *Let's Shape The Future* with Welsh Government to take into account the many and varied influences of the pandemic period and



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to also address issues that have come to the fore in the passing of two years, namely the economic importance of hospitality as an industry and its need for a sustainable but also fully supportive strategy for recovery and then for growth.

This must be a holistic exercise that incorporates not only economic levers but also all areas where Government and citizens touch the industry and where interventions can help not only the industry to come back and prosper but the nation, its communities and its culture to do the same.

It is essential that in looking at housing stock we need to balance the clear economic benefits for local economies that stand to gain from a steady flow of tourists with the costs to local renters and local jurisdictions. The industry does not simply stand on one side of this pivot; our members and others in the industry want to see a balance struck that provides a solution to all. We are experiencing a severe staffing shortage and for those operating in coastal areas, many cannot encourage people to come to work in the towns because of the difficulty in finding suitably priced accommodation in the area.

An incidental issue we would like to raise is consideration of the ease of planning for designated accommodation for those who want to work in the area. Some of our hotels have encountered difficulties in obtaining on-site or near-site planning for such accommodation, which would be subsidised and aimed specifically at local people who wanted to work in the industry.

**Airbnb:** The 'Airbnb effect' can be recognised in many towns across the UK, where the growth of Airbnb- and other short term letting platforms- has been rapid and extensive. This phenomenon describes the slow increase of value to an area to the detriment of the indigenous residents, many of whom are pushed out due to financial constraints. This squeezes the supply of housing more thinly in an already supply-short housing market.

The impact of short-term lets can be identified in the loss of housing stock in London, Edinburgh and other cities, as well as the loss of rural housing where reports have surfaced of real difficulties with affordable accommodation for public sector employees.

**A loss of amenity** has also occurred to neighbourhoods through antisocial behaviour of guests. Specifically, the daily disruption and stress caused by constant 'visitor use', rather than residential use has had negative impacts. Examples include noise disturbance, buzzers, door knocking, littering, anti-social behaviour and a lack of focus on maintenance and repair issues (especially in shared properties).

Short-term lets have also resulted in an issue of **personal safety risk** to hosts, guests and other residents from unverified or unknown others. This issue has been exacerbated with the loss of a sense of community, whereby the traditional community feeling has been damaged.



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Between the short-term lets, hotel and B&B sectors, a **regulatory mismatch** has also occurred in terms of health and safety and taxation. Currently, local authorities have limited regulatory controls over safety in short-term lets, further illustrating the need for more transparency and accountability.

**Benefits of a registration scheme:** Collaboration between local authorities, agencies and service providers, would allow platforms to individually - or as a group - remove bad actors when local authorities or the emergency services identify illegal behaviour, preventing people from getting around the relevant rules by simply switching their listing to another operator.

Enforcing a registration scheme would also equip local councils and authorities with insight into where home-sharing properties are. Currently, this has not been afforded to UK authorities, which therefore restricts them from enforcing current legislation and tax rules.

A registration system would allow accurate mapping of where short term lets are, what type of operation they are and how this correlates with housing issues and reported nuisance.

**Designing a scheme:** Previous calls for the industry to self-regulate have been unsuccessful. In London, shortly after Sadiq Khan's mayoral election, he called on the industry to self-regulate, including by voluntarily capping the number of nights per year a host can let out their home in line with the current law. However, Airbnb is currently the only platform to have voluntarily implemented the cap limit on its platform.

UKHC believes a proportionate, affordable but robust registration system, within a broad sweeping refreshment of the Government's visitor economy strategy, will address the issues which local communities and authorities have faced challenges with in the past with short term lets. Such a review will also enable Welsh Government to get the most out of our industry's development in the coming decade, and to help it not only recover from a very dark period of trading through closures and restrictions but to become a genuine economic powerhouse that will benefit all, in every part of Wales.