Response to DCMS consultation on a registration scheme for short-term lets

This document is a response to DCMS's <u>consultation on a registration scheme</u> for short-term lets in England, focussing on the data the register will collect.

Responses to questions

Question 1: Which high-level approach to the registration scheme do you prefer?

- a. An opt-in scheme for local authorities, with the framework set nationally.
- b. An opt-in scheme for local authorities with the framework set nationally, and a review point to determine whether to expand the scheme to mandatory.
- c. A mandatory national scheme, administered by one of: the English Tourist Board (VisitEngland), local authorities, or another competent authority.
- (c) the register should be a mandatory national scheme, because:
 - A localised approach where registration requirements differ between local authorities makes life harder for owners. Our <u>research on landlord registration schemes</u> in England, which are created by local authorities on an opt-in basis, found that it was burdensome for landlords to navigate multiple local schemes and were often unclear whether they were covered by registration requirements.
 - 2. If the Government is to effectively regulate short-term lets then comprehensive, consistent data is needed on lettings. Incomplete data with potentially large regional gaps would make it harder to design national policy and monitor trends.
 - 3. All guests should be able to be confident that their accommodation satisfies health and safety regulations. Without a consistent approach to compliance, it's possible that illegal or unsafe listings would concentrate in certain parts of the country.
 - Historic data shows that there can be rapid local shifts in holiday listings, as our <u>evidence to the call for evidence</u> showed. If registration is not mandatory, local authorities could be left on the back foot.

On top of a mandatory national registration scheme, we support others' suggestions that local authorities are given extra powers to attach licensing requirements to short-term lets, as legislated for in Scotland, and recommended by private rental sector stakeholders such as Generation Rent and Action on Empty Homes. National registration would provide consistency and usable data, while an opt-in licensing scheme would allow extra flexibility to meet local needs.

Question 2: Who should be responsible for administering the registration scheme?

a. Local authorities

- b. The English Tourist Board (VisitEngland)
- c. Another national body (please specify this could be an existing body or a new one)

(c) - another national body. The register should be administered by a national body with proven experience of implementing public-facing digital services (preferably registration schemes) and managing data governance. We suggest that the best candidate might be the Government Digital Service (GDS), or failing that DLUHC or DCMS. DLUHC might be appropriate as it is already creating a related register of private-sector rental properties.

Regarding the other options: we do not believe VisitEngland has the requisite experience of administering large-scale digital services, and we do not think local authorities should be responsible for administering registration schemes. And as above, our <u>research</u> found that when local authorities manage distinct local schemes, it typically results in higher implementation costs and difficulty maintaining schemes.

Any body creating the scheme should follow the guidelines for creating digital public services laid out in the Government's <u>Digital</u>, <u>Data and Technology Playbook</u>.

Question 3: Should there be an analogue version of the registration scheme which would run in parallel with the digital one?

Yes, there should be analogue channels for registration in line with Government <u>guidance on</u> <u>'assisted digital' services</u>. However, any data collected in analogue format should be stored digitally, as otherwise this affects the value of the data.

Question 4: Should the platforms require a valid registration number in order to list a short-term let?

Yes - this is essential and should work as follows:

- When an owner lists a property on a lettings platform they should be required to supply a valid registration number. Owners of existing listings should be given a period (e.g. three months) to upload a valid registration number before a platform must de-list their property.
- There should also be a duty on platforms to check that registration numbers are unique and valid. This should be supported by a public API, supplied by the operator of the register, allowing platforms to check that a given registration number is valid.

As <u>proposed by European lawmakers</u>, the registration processes should be prescriptive to the point that it ensures compliance through design. For example, platforms should have a legal responsibility to ensure that a registration number cannot be used to advertise a property until the number has been fully authorised.

Question 5: Should the registration number be displayed in any advertisement or listing of a short-term let?

Yes. This is essential to allow guests to check that properties they stay in are registered, to help guests spot and report problematic properties using the registration number, and so that any platforms listing unregistered properties can be penalised.

Question 6: What should the 'unit' of registration be?

- a. Owners
- b. Dwellings or part of dwelling
- c. Individual accommodation units within a dwelling
- d. Other (please specify)

Both options (a) (owners) and (d) (other): the two required units of each registration should be owner and bookable dwelling. There should be a one-to-many relationship between owners and bookable dwellings: each time a bookable dwelling is registered, either the dwelling should be linked to an existing registered owner, or a new owner should be registered. Owners should not be able to register themselves more than once.

The reasons for requiring both units of registration are:

- Owner: A unique registration number per owner would allow enforcement authorities to track problematic owners across multiple properties. It would also support monitoring from tax authorities in future. (Companies House has recently introduced unique identifiers for company directors as well as companies, to allow the tracking of directors across companies.)
- 2. Bookable dwelling: A registration number for each *bookable* dwelling would make it straightforward to add registration numbers to online listings (since online listings are, by definition, bookable dwellings). Sometimes, this might mean separate identifiers for a whole property and bedrooms within it, if these are bookable separately: in this case the hierarchical relationship should be recorded internally. As well as being the simplest way to join registration numbers and online listings, this also makes it straightforward for platforms to report letting activity data against each bookable dwelling (see our response to question 11).

Note that the unique identifier for the owner or dwelling should not be used as a login identifier: login identifiers should be created separately. This allows owner and dwelling identifiers to be displayed freely online without causing potential security problems.

Question 10: How long should registration be valid for?

a) One year
b) Two years
c) Three years
d) Four years
e) Five years
f) The length of registration should depend on the length/validity of relevant documentation

g) There should only be a one off registration, with providers able to remove themselves if they no longer provide the STL(s)

(g) - registrations should be one-off, but owners should be asked to validate annually that all information is up-to-date (and update the register more frequently if information or safety certification is updated). If owners do not do this within a set time, the registration should be suspended. This minimises the fees and burden for owners, but ensures that contact and property details are up-to-date. This is how e.g. Companies House manages company registrations.

Question 11: What information should be collected? (see page for full list)

We suggest all the basic information in sections (a)-(i) and (m) should be collected at registration from the owners and verified annually, as per our reply to question 10.

On point (a) we suggest that where addressable properties are registered, owners should be asked to select addresses linked to UPRNs (Unique Property Reference Numbers) wherever possible. These do not have to be exposed to owners, but will be crucial internally to allow data on properties to be linked to other property-related datasets (such as EPCs, or potentially Gas Safe certificates in future). <u>Official Government guidance</u> is that systems that store data sets containing property information must use the UPRN identifier.

We suggest that (j) (Number of nights per year the premises is available to let) and (k) (Number of nights the premises was let out for in the last year) should be collected monthly on an automated basis from lettings platforms, as per <u>current proposals being developed in the EU</u>. This is because:

- Data on actual letting activity is essential to enforce any future restrictions placed on usage, such as the 90-day limit currently in force in London, or the planning use class changes currently also being consulted on.
- Self-reporting of activity has been shown not to be reliable, with <u>London officials</u> reporting that the current 90-day limit is "near impossible" to enforce. Instead, real data is best collected directly from platforms, as is being introduced in the EU.
- This data is best collected on an automated basis, to minimise burdens on the register operator and platforms.
- It should also be collected monthly (which is straightforward if automated).

We also suggest that under "other":

- Evidence of a private waste contract. Under the <u>Controlled Waste (England and Wales) Regulations (2012)</u>, waste that comes from a "domestic property used in the course of a business for the provisions of self catering accommodation" is classed as commercial waste. It is important to check that landlords are complying with this requirement in order to manage the impact on other households.
- 2. The owner's National Insurance number (if an individual) or company number (if a business) should also be collected at registration and verified annually. This is to

allow letting activity information to be joined to taxation records straightforwardly, supporting <u>HMRC's existing efforts</u>.

Question 12: Which regulations should be satisfied in order for a property to be registered? Please tick all that apply.

- Option L (planning permission): Evidence of planning permission is essential if registration is to play a role in protecting communities from the impact in short term lets. If the new short let planning class C5 comes into use, then owners could still be able to let houses as C5 until the local planning authority notices and takes enforcement action. Planning enforcement action takes up resources. The requirement to provide evidence of planning permission in order to obtain registration will compel owners to apply for planning permission, prevent planning abuses that put a strain on planning departments and local communities, and protect housing for locals.
- Other: commercial waste contract: Reason: Under the Controlled Waste (England and Wales) Regulations (2012) waste that comes from a "domestic property used in the course of a business for the provisions of self catering accommodation" is classed as commercial waste. Therefore it cannot go into the household service.

Question 13: In the context of compliance and enforcement, what should be the starting point of the registration scheme? (self-certifying, light touch inspections of documentation, spot check physical inspections, physical inspections based on a risk-based approach)

As far as possible, monitoring and compliance should be automated to reduce burdens on owners. Well-structured data, with UPRNs and other identifiers, will make this much easier by allowing other datasets such as gas safety and electrical safety certificates to be added automatically to the register in future.

Question 14: What issues do you think should incur a penalty? (see list)

Re (b) (the failure to provide valid documentation or recommendation), we suggest that it should not be possible for an owner to obtain a registration without supplying all the required documentation or information. The authority responsible for administering the register should require this information on registration (though not for checking its validity).

Meanwhile, platforms should also face penalties if they are found to have displayed listings that do not have registration numbers, or allowed invalid registration numbers to be uploaded.

Question 19: Do you think that any of the data captured should be shared at all beyond the competent authority administering the scheme, as determined in Question 2?

Yes.

Question 20: If you answered 'Yes', which types of organisations should have access to the data collated by the registration scheme? (see list)

Local authorities, enforcement agencies, certain Government departments and approved researchers should have access to detailed/individualised data:

- Local authorities need access to dwelling-level and owner-level data to help them develop an understanding of housing stock in the area, help identify rogue landlords operating in both the private rented and short-term lettings sector, and make local policy.
- Enforcement agencies need access to both to track down illegal listings and conduct enforcement activities.
- Government departments need access via data-sharing gateways to support the
 effective delivery of other public services. This would enable DLUHC to combine the
 short-term lets register with other registers, such as the Property Portal, as proposed
 by Generation Rent. Perhaps most importantly, HMRC should commit to a data
 sharing gateway to access property activity information to support tax enforcement.
- Property-level data should also be supplied to approved research projects via the Office for National Statistics' Integrated Data Service (IDS). As per standard ONS practice, any project will need to demonstrate clear benefits and access to potentially disclosive information will be carefully controlled.

DCMS should also make the short-term lets register publicly available, including some information on dwellings and owners (e.g. owners' names and identifiers but not their residential addresses or NI numbers). This would allow guests to check their property's adherence to health and safety regulations and whether the owner has faced any penalties relating to other properties. By having access to the register, neighbours and members of the public may also help authorities detect unregistered properties. Other countries also subject to GDPR rules publish short-term lets registers, e.g. in <u>Portugal</u> the register is public, searchable and contains information on the number of guests, environmental data and the owner's email address. In the UK, registers of HMOs are publicly available and include landlords' names and business addresses, which is important for enforcement purposes.

In our response to questions 11 and 22, we recommended that platforms provide activity data to the authority running the register. We recommend that this activity data be made available to local authorities and enforcement agencies, so that they can ensure that restrictions are being followed. DLUHC should coordinate with ONS to provide other stakeholders, such as accredited researchers and commercial organisations, with access to aggregated, anonymised versions of this data.

Question 22: Are there any other issues that you think the government should be considering as part of its work to develop a short-term let registration scheme?

1. Data-sharing requirements on platforms to support effective enforcement

As per our responses above, we recommend that the Government introduces a requirement on short-term letting platforms to routinely share per-dwelling activity data with the authority running the register.

A register would give public authorities some useful data, such as the number and location of short-term lets. But registration data alone would not allow authorities to obtain live activity data: the number of nights a property is rented out. This activity information gives authorities the up-to-date data they need to enforce rules, monitor tourism flows and design appropriate policy.

England is lagging behind other countries in regulating short-term lets, and similar data sharing requirements are in the process of being implemented elsewhere, for example in the <u>European Union</u> and in parts of the US. <u>New York City</u> recently announced its first lawsuit against an AirBNB operator following its introduction of data-sharing agreements.

This data would be transmitted from platforms to the national authority on an automated, monthly basis, and the authority could link together registration data and activity data via the listing's registration number. Sharing this data would not be burdensome for platforms: it would simply bring English practice in line with emerging practice elsewhere. However, it would significantly strengthen authorities' abilities to enforce lettings restrictions and develop sound policy.

2. Responsibilities for platforms as well as owners

The consultation considers the penalties that providers/owners would face, but does not discuss penalties for platforms. However, platforms should be required to support the operator of the register and the activities of enforcement agencies and face penalties if they do not. As proposed by <u>European lawmakers</u>, platforms should be required to inform hosts of the regulations in place and make reasonable efforts to carry out random checks on a regular basis. For example, platforms should not allow an owner to list a property until a valid registration number has been uploaded. If a platform is found to have allowed an illegal listing to be published on their website without adequate checks, the platform should be liable to fines or legal proceedings. Platforms should also face penalties if they fail to transmit required activity data to the national authority in a timely and accurate manner.

3. Consideration of the broader value of the data, e.g. for taxation compliance

As outlined by the <u>House of Commons Library</u>, there are concerns about poor tax compliance in the short-term lettings sector. Better data can help tackle this issue, again following lessons from elsewhere. In <u>Denmark</u>, for example, tax compliance has increased since Airbnb agreed to share the earnings data of owners with the Danish tax authorities. A recent <u>call for evidence</u> by the APPG on Entrepreneurship found support from respondents that sharing economy platforms should report the income of sellers on their platforms to tax authorities. There is precedent for these agreements in the UK: in 2020, Airbnb <u>agreed</u> to provide HMRC data on owners' income and transactions, so that HMRC could check the

accuracy of reported tax returns and to identify any discrepancy in rental incomes. <u>HMRC</u> is currently investigating the earnings data of all Airbnb hosts over the past 6 years to spot undeclared incomes. We recommend that owners should be required to submit a National Insurance or company number to obtain a registration number, and that HMRC could in future be given access to dwelling-level data under public-sector data-sharing gateways.

4. Evaluation

We also recommend DCMS consider how it will monitor and evaluate the impact of the register. DCMS should consult with stakeholders about the desired outcomes and policy objectives of the register - e.g. improved safety standards in short-term lets, or increased availability of long-term rental stock. Two years after implementation, an appropriate authority should be tasked with evaluating whether the register is supporting these policy objectives or not.

5. Making the register public

We also recommend that DCMS explores making the short-term lets register publicly available, including some information on dwellings and owners (e.g. owners' names and identifiers but not their residential addresses or NI numbers). This would allow guests to check their property's adherence to health and safety regulations and whether the owner has faced any penalties relating to other properties. By having access to the register, neighbours and members of the public may also help authorities detect unregistered properties. Other countries also subject to GDPR rules publish short-term lets registers, e.g. in <u>Portugal</u> the register is public, searchable and contains information on the number of guests, environmental data and the owner's email address.

6. Licensing

We also recommend that DCMS allow local authorities to implement mandatory licensing schemes, which would cap the number of short-term lets permitted in an area, as recommended by campaigners Generation Rent and Action on Empty Homes. This would allow councils to protect local housing stock where necessary and control the growth of the sector. DCMS should evaluate the potential benefits of a licensing scheme in England by taking lessons from similar schemes in Scotland, Wales and across Europe.