HOUSE OF LORDS

Built Environment Committee

Corrected oral evidence: Short-term lettings

Tuesday 17 May 2022

10 am

Watch the meeting

Members present: Baroness Neville-Rolfe (The Chair); Baroness Bakewell; Lord Berkeley; Lord Best; Lord Carrington of Fulham; Baroness Cohen of Pimlico; Lord Grocott; Lord Haselhurst; Lord Moylan; Lord Stunell; Baroness Thornhill.

Evidence Session No. 2 Heard in public Questions 15 – 24

Witnesses

I: Merilee Karr, Chair, UK Short Term Accommodation Association; Fiona MacConnacher, Public Affairs Manager, UK & Ireland, Booking.com; Amanda Cupples, General Manager (Northern Europe), Airbnb.

Examination of witnesses

Merilee Karr, Fiona MacConnacher and Amanda Cupples.

Q15 **The Chair:** Welcome to the House of Lords Built Environment Committee's public evidence session as part of our inquiry into short-term lettings. This short inquiry is examining the impact of short-term lettings such as Airbnb on local communities and housing markets, and considering proposals around full regulation of the sector. The committee will write to the Government to make recommendations in the light of this and our earlier session.

Our witnesses today are Merilee Karr, chair of the UK Short Term Accommodation Association, Fiona MacConnacher, Public Affairs Manager for UK and Ireland at Booking.com, and Amanda Cupples, general manager for northern Europe of Airbnb.

Our session is being broadcast on parliamentlive.tv. A full transcript is also being taken, which will be made available to you to make any corrections after the session. Perhaps our members and witnesses could try to keep questions and responses short, because we have a lot to cover and we are hearing from three of you at the same time.

I will kick off with a general question getting straight into the detail. What is your assessment of the positives and negatives arising from short-term lets? We are interested in consumers, local communities, housing markets and the national economy. Would you like to start, Merilee?

Merilee Karr: I am very happy to. Our sector supports both the wider tourism economy and local economics. We generate income for owners and provide employment. Property managers and small businesses have been created as a result of our industry. We also support local jobs in the retail, culture and gastronomy industries, which have been particularly hit during the pandemic.

For example, in 2018, in Scotland, local households earned £129 million from hosting short-term lets, and guests in short-term rentals spent an estimated £440 million, based on data published by my colleagues in Airbnb. Overall, the average guest in 2018 spent £100 per day, £43 of which was spent in the immediate vicinity of the accommodation. In rural parts of the UK, tourism can account for about 20% of all employment. In such areas there are often not many alternatives for employment other than boutique retail, agriculture and the like. A decline in tourism activity could have a knock-on effect on employment in these areas.

According to research by Oxford Economics, every 100 listings provided are estimated to directly support seven jobs. Our sector has a really strong employment impact. In addition, of course, especially when we look at the current economic issues such as inflation and the cost of living crisis, it offers a way for owners to generate an additional source of income on the side to supplement their main income.

It is also important to note that short-term lets can help dissipate the impact of tourism and spread it more broadly. Some 72% of properties in

London on Airbnb as a platform are in neighbourhoods outside the main areas where hotels are present. This is also the experience that travellers want; they are looking for that local experience when they travel, so that ability to spread tourism more widely is also important.

One other point worth making is that our industry provides peak supply where there are peak demands. That is important when you have larger events, particularly in communities which do not have the traditional supply to be able to accommodate them. Again, it supports the economic value that those wider events bring to a particular area and provides the supply of accommodation needed during those periods. Obviously, you have great examples such as Wimbledon or the Edinburgh Festival Fringe, but there are many more, and the sector is there to support that.

It is important overall to note that hosts and the beneficiaries earn, on average, £3,100 per year. That is a small supplemental income, but it is really important, looking at the cost of living crisis and other things, that people have an alternative way to supplement their income, and that property owners who have invested in that property have a way of monetising it as and when they need to do so. I think that is increasingly important.

Three challenges are often cited for our industry. The first is housing. We will probably come to a question on that later, so I will not go into too much detail on it now. The main point is that there is no evidence base that our industry contributes significantly to the housing crisis and, as I say, it will be good to go into more detail and share some stats on that later.

The second is the amenity issue: do people put their rubbish out, and all these types of things? That is a really important one and, working together, we see lots of solutions as to how to improve that. In particular, the professionalisation of our industry that we have seen over the past couple of years is helping combat some of those issues.

The third issue that we often hear about is the professionalisation or commercialisation of the sector. It is important to separate out the two. There is an increasing professionalisation of the sector, in that people have property management companies that manage properties on their behalf and deliver them to the right standards, but that is often confused with commercialisation, which means that people are buying up lots of properties and short-term renting them. We see much more of the former. There are indeed lots of companies that might be managing 50 or 100 properties, but they are not all owned by the same owner. In fact, they are just helping owners, who might be abroad, travelling or whatever, to manage them in the right way, which again supports the amenities side by making sure it is done in a professional and proper way.

We hear a lot about commercialisation, and while there may be some element of that, often data is cited that talks about the number of properties that are managed by certain companies, which leads to a

conclusion that the sector is commercialising, when in actual fact the data shows quite the opposite. The majority of people are doing this on shorter periods, on a more amateur basis, but the sector is professionalising along the way.

The Chair: Thank you very much. Thank you for mentioning rubbish, which is certainly a problem in my street. It is good to hear that there are some solutions to that.

Fiona MacConnacher: If we look first at the positive impacts, Merilee has already done a great job and gone into quite a lot of detail, so I will perhaps add a little more flavour. The increase in short-term lets is due to an increase in customer interest. That is a very important point. At Booking.com we deal with a large range of accommodation, not just short-term lets, but we have seen increased searches for short-term lets. We can see already that our customers want to be able to access this type of accommodation.

In the past you had holiday rentals, and that has always been the case, but we are now looking at an increasing number of short-term lets, some still in rural and touristy areas but some now also in urban areas, which is where rubbish collection on busy streets is a particular issue. Those forms of accommodation address a previously unmet need for certain demographic groups. You can see that families with children will probably find it easier to travel if they can have their own accommodation, particularly when it comes in the form of a whole property.

During the Covid pandemic there has also been a market desire for more private accommodation, and this has met that need. Short-term holiday rentals can also provide a cost-effective option for consumers, which is particularly relevant in this current economic climate. At Booking.com we believe that travel should not be a privilege for the minority but something that everyone can experience. I believe this democratisation of travel was mentioned in the previous session.

When we look at local communities, there is a lot of focus on the negatives, but there are some positives, and Merilee has gone into these as regards the economy and the money that these forms of accommodation bring in, particularly in areas where there might not be many tourists for most of the year. When I think of my own county of Northamptonshire, there is the Silverstone race circuit, for example. Northamptonshire is not a natural tourist area, but you have a large influx of tourists coming at particular points of the year. There are benefits to the economy. These alternative forms of accommodation allow for these demands to be met. At Booking.com we advocate for this to be done sustainably because, without this, there will be negative impacts on local communities.

It should also be noted that short-term lets are not just for holidaymakers. They are not just for people to spend holidays in. They can be used in a variety of ways, such as by students on internships, or for temporary accommodation between longer lets or purchasing a

property. Most relevant at the moment, we have found within our own platform that we are able to use this form of accommodation for Ukrainian refugees, for example. It is not just a holiday form of accommodation. There are many reasons why this form of accommodation might be suitable for people, which in turn will benefit local communities.

There can be negative impacts for the consumer. While there are all these positive aspects for the consumer, an unregulated short-term let sector will impact them. One reason why consumers go for this form of accommodation is that it is meant to provide a more authentic, locally embedded experience. If you go there and do not get that, that need is not being met, which is again why we need sustainability in this sector.

Naturally, local communities can be negatively affected when it comes to bins, for example, in multiple parts of the country. I believe the press this week looked at Cornwall and how it negatively impacts their communities. I hope that having proper regulation in place will address the negatives that come with this.

When we look at other parts of Europe, and within London itself, there are caps for how many days a year you can have a short-term let. In London, there is a cap of 90 days in the calendar year. In Amsterdam, where Booking.com is headquartered, it was previously a 60-day cap, which has now been reduced to a 30-day gap because this is of particular interest to the local community.

As a business, we are very keen to continue to offer choice to our consumers, but not at the cost of local communities. Having a sustainable approach, hopefully in the form of evidence-based, data-driven regulation and policy-making, should address some of these issues. In the previous session I know that you heard from experts in the field of tourism and planning, which I hope was helpful. I think that is enough from me for now, thank you.

Amanda Cupples: I will not repeat everything that everyone else has said, you will be thrilled to hear, but I will make just a couple of points.

First, on the consumer side, I would echo what Fiona said. I cannot stress enough how important short-term accommodation is to the overall recovery of the tourism sector in the UK. On the Airbnb platform through the Covid pandemic we have seen that, fundamentally, people's travel patterns have changed in quite a substantial way. That has led to a willingness to consider more rural, perhaps less traditionally touristy areas.

I know there has been a lot of conversation in the UK Parliament of late around the working-from-home phenomenon. It is real. People are spending more time away from the office and use cases are emerging. You might live three hours away from London, come in two days a week and take a private room in a house. That would be one example. You might be a family like me with young children. Previously, as I live in

London, we would have stayed here for half term, but now we will probably go and stay in a house because I can work flexibly and we can do that. All those use cases are very real and they are growing very fast. Having high-quality, sustainable short-term accommodation is a really important part of being able to serve that need for people in the UK and making sure that we keep that business in the UK.

On the provision side, again, Merilee summed it up very well. I will not go through it all again. I want to emphasise, though, that there is a macro benefit to the economy. If I take the Airbnb number, hosts and guests on Airbnb contributed just over £5 billion to the UK economy. That was in the last full year pre pandemic and I hope it will be back there again this year.

There is also the very important point that, if I look at hosts on Airbnb, it is a community of everyday people. People sometimes look at me with surprise when I say that, but, by and large, hosts on Airbnb are real people. Around eight out of 10 of our hosts have just one listing, which is what we call one space. It could be a private room, a barn or an annexe. It might be a second home or a primary home that you rent out when you go on holiday. For us, the average host earns around £6,000 a year—a little more than Merilee's stat, which is why we think it is good to come and host on Airbnb—but those are people who, by and large, rent out their homes occasionally. The average is around three nights a month.

That means that, when people rent out their space as a short-term let, they retain the money in the community in which they live. This is not a case of money being funnelled into big corporations and going elsewhere. That money goes straight back into the community. It is spent in local shops, pubs and restaurants, and there is a real halo effect of people being able to keep the money in the community.

The last thing I want to say on this is just to acknowledge the context in which we are having this conversation. This country is in the grip of a very severe cost of living crisis, and for many of these ordinary, everyday people, the income that they make from short-term rental—hosting on Airbnb in our case—is really critical. We have surveyed our hosts in the UK, and almost a third of them say they use the income simply to make ends meet—things such as paying energy bills and doing essential maintenance on the house. This is not extra money to go on holiday. This is just the basics of living their lives. It is really important that we acknowledge that, on average, hosting on Airbnb gives you around two months of incremental income based on a UK median wage. It is a really important part of how people think about using their home and assets, fundamentally, to make a better life for themselves, particularly at this moment.

I never like to finish on a negative but you asked about the negatives. Again, these guys have summed it up very well. I would encapsulate it in one idea. We acknowledge that there can be noise and nuisance issues. We acknowledge that housing is a very emotive and complex issue, and

there is a conversation to be had there—we are very pleased to be here to have it. For us, ultimately, it is about recognising that there is a real benefit to tourism and the visitor economy, and that it is a vital and critical part of this country's economy, but a balance has to be struck. It is important to protect and respect communities and make people feel that they are getting the benefits of that economic activity and cultural exchange in some way. We welcome the dialogue. Thank you for having me and I look forward to getting into it.

Q16 **Baroness Bakewell:** I should say as background that I am a long-term user of Airbnb, so that might colour my attitude. You are three successful businesswomen. It strikes me from your summary of the benefits that they are largely monetary. They are basically about value to the economy, money in people's pockets, and so on.

Could you address the social impact? I know, and you will be aware, that seaside resorts, for example, in winter very often close down large parts of their housing because they are houses to let, and people do not go on holiday in November. There is a social impact that affects people's lives.

I did a little research among local estate agents and asked them what the problem would be if I wanted to buy a house or a flat here, and quite a number of them said they all go to people who want to rent them out. It is really hard for a young couple to buy a small property in central London because other people are there ahead of them, buying to add to their portfolio of flats to let. Those are social impact issues and you acknowledge them. You used the words "acknowledge" and "balance". Given that you acknowledge the problem, what balance do you think should be struck?

Merilee Karr: I have one question here. I acknowledge that there is a large number of investors who invest in properties for buy to let, but I do not think those estate agents are talking about people buying them to short-term rent them, especially in London, where, obviously, we have the 90-day rule. The numbers we have seen in cities across Europe show that, typically, you would have to let out a property between 140 and 180 nights per year for it to be viable in comparison to letting it out on a long-term basis. Unless those people are buying them to use them illegally, which I do not think is the case, those estate agents are saying that, yes, there are investors buying up portfolios of properties for rental, but that is for long-term rental. I just wanted to address that point because that is absolutely one thing that happens in the long-term rental market.

Baroness Bakewell: The point is that it takes property off the market for first-time buyers, young people, people with not very much money, who want to make a single purchase for their own use. Estate agents indicated to me—I did not speak about why I wanted to know; I said, "Suppose I want to buy"—that they feel it is an element in the market that makes it harder for people to move in. Do you think there should be some redress there, apart from the 90 days?

Merilee Karr: Absolutely, discussions are already happening on the long-term rental side. There are additional taxes for landlords, et cetera,

but we are probably not the best people to address the long-term rental market in the split between rental and landlords versus tenants. I would argue that that is probably not a point for this particular session, because it is about long-term landlords versus the purchasing of homes, not short-term rentals.

Amanda Cupples: Perhaps I could make a couple of points on this. The first is that we are always talking to local authorities and local communities. We hear a version of what you describe all the time. To me, it speaks to the fact that we have a housing crisis in this country. Housing is scarce. What that looks like in Cornwall is different from what it looks like in London, but there are different flavours of this going on around the country. There is a very strong emotional feeling that short-term accommodation is a prime contributor to that, and Airbnb, as a noun and a verb, tends to come to the fore when these issues are discussed.

Baroness Bakewell: And is it?

Amanda Cupples: The reality is that we do not know very much. There is no evidence base that has drawn any link whatsoever between short-term accommodation and housing scarcity. However, we do not know very much. Some of you may be aware that at Airbnb we have called for a while now for the provision of a short-term accommodation register. We were thrilled that the Government included that in the recovery plan. We eagerly await the implementation of that.

The reason why we keep talking about that and we think it is so critical is that housing is very complex. There are a lot of factors playing into it. The way those factors play out in a given geography is different. It is vital to have a consistent, transparent, robust evidence base to help policymakers actually make these decisions. Again, we talk to local authorities about this all the time. They are crying out for this data. The reality is that none of us as individuals can provide an insight into the whole sector. We can only see what we can see.

As I said before, on Airbnb around eight out of 10 of our hosts have just one listing, so we do not see what you have described—this concentration of hosts who have 10, 20, 30 or 40 listings. We have some, but it is a very small percentage of our host base. It is really important that we get that industry-wide view from data that can be given by local authorities, and local authorities can use it in combination with the other sets of data they have, such as council tax data and business rates data—we do not see all that stuff but they see it—and use it to identify the problems happening in my area, my constituency, and see whether an intervention is required, and, if so, what the right regulatory intervention is.

That is where the question of balance comes in. It is about not penalising those everyday people who are genuinely opening up their homes. There is a conversation due to the mood and attitude in this country towards second homes, they are perfectly legal; you earn money and you can use that money to buy a second home. What is the community impact of

that? What would we like to see happen? It is incredibly hard to have that conversation without the evidence base.

Baroness Bakewell: To sum up, would you say that as representatives of the sector you are calling for more data to be commissioned and provided?

Merilee Karr: All of us across the board are calling for a registration scheme.

Baroness Bakewell: I appreciate that, but are you going further than that?

Merilee Karr: I would love to understand what "further" looks like. We think a registration scheme will give us the data that will help us make informed decisions as an industry and for you as policymakers.

Baroness Bakewell: Thank you.

Q17 **Baroness Thornhill:** Baroness Bakewell has covered a lot of what I wanted to ask, which was about the impact. You have answered that extremely well, but could you perhaps extend that a little? You have mentioned local authorities, and I am particularly interested in their role in all this. Do you have any positive experiences of local authorities that have genuinely tried to look into this issue and collect data, or anything from your own experiences? Could you talk a bit about the role of local authorities, to perhaps steer us in a certain direction of how we might collect that evidence base, and perhaps around enforcement of standards and things of that ilk?

Amanda Cupples: We are always talking to local authorities, on a number of different dimensions. Obviously, we talk to DMOs on the tourism side of the ledger about how to stimulate business in a particular area. As an example, I point to the fact that we work with DMOs in less touristy parts of the country all the time. We did a big collaboration in the south of Scotland last year to try to drive people away from Edinburgh and the highlands towards some of those lesser-known parts of the country. We think it is really important that as representatives of the industry we play our part in working directly with DMOs, and in some cases fund them, to shine a light on all the wonderful places that this country has to offer.

On the other side of the ledger, we are pretty much in constant dialogue. At Airbnb, we are in the process of trialling and rolling out a new product called the "City Portal", which is a way to get some of that tourism data to DMOs so that they can understand where there might be peaks in activity—they can see bed nights and that sort of thing. It is a relatively new thing. We have it in 10 local authorities at the moment, but that is very much the start of what we hope will be an increased data flow from us to them.

As I said before, it is difficult for us as a platform or short-term rental provider to have a really holistic conversation with local authorities

because, of course, we just see a very narrow slice of what they see. My view and Airbnb's view on your question, Baroness Bakewell, about what comes next after a registration system is that we see that as a question for the Government and local authorities. As short-term accommodation platforms and providers, we can provide some insight into what we see, but, ultimately, we do not see the impact on roads or local services—and nor should we, quite frankly.

My view, and I think local authorities appreciate this, is that it is about being grown up, having that conversation, acknowledging where issues exist and working together to ameliorate the downsides, particularly on things such as noise and nuisance. There is so much that can be done without requiring heavy-handed restriction or licensing, or removals of supply from the market. I think we are all very pleased to have that conversation and to step up and be proactive in managing those downsides, but it is ongoing.

Merilee Karr: There are two things I would like to cover. It is incredibly exciting that, in the discussions we have with local councils, we find a common understanding of the issues. I have talked about the three different types of issues that we tend to discuss with them. We all agree that those are the issues we want to tackle together, and there are a number of initiatives that we can work on together to tackle them.

For housing, we think data is the best way to take away the emotional discussion. One important point on housing is that, in 2016, a report carried out by the IPPR in London—specifically in response to your earlier question—showed that the impact of short-term rentals on the housing market was negligible. At that time, short-term rentals accounted for less than 1% of the overall housing stock in the capital. The finding was echoed by a House of Commons Library report in 2018. Also, the IPPR found that more than half the properties it surveyed were let for fewer than 30 nights, so they were clearly not being used as an alternative to housing. Again, whether that happens to be rented housing or bought housing is a separate issue.

We have actually done a huge amount of work on standards as an industry. Back in 2017, we launched an industry accreditation that was backed at the time by the Ministry of Housing, Communities and Local Government. That accreditation scheme is based on the premise of safe, clean and legal—the key things that would be required. Our view was that local authorities do not have the resources to go out and inspect all the different properties, et cetera, so we as an industry want to take a leadership role in doing and funding that ourselves, so that the companies, or indeed individual hosts, can get accredited themselves. We chose the company Quality in Tourism to run the accreditation. It ran the "Visit England" scheme for more than 20 years, so it has huge experience across a broader sector in doing that. We think that accreditation and industry taking a lead in making sure those standards are adhered to is incredibly important.

On the amenities side, we see more acute problems in areas of higher concentration of housing. That tends to be in cities. We have proactively worked on a technology and buildings policy so that we can get ahead of the curve. Buildings can implement a policy, and technology will back that up to help residents understand the requirements of their building and generally best practice across our industry.

We worked with Westminster City Council and Manchester City Council on those policies. Unfortunately, the councils had other priorities during Covid, as I am sure we can all appreciate, so that has not rolled out as quickly as we would have liked; but we have it, it is ready and the technology is there to back it up, and we are happy to be rolling that out, even in advance of any regulatory changes. I hope it helps to see some of the initiatives.

On the noise side, it is great to see the innovation in our sector. There are now several companies around the world such as Minut and NoiseAware that provide noise detection. This is being proactively paid for and installed by owners and, indeed, the property managers who often look after these properties, because nobody wants a complaint from a neighbour saying, "It's noisy and it's 1 am". It is much better that we get a notification immediately. We can tackle that before it becomes an issue for the neighbours and certainly before the council has to be notified.

We also see innovation in the professionalisation of our sector. As the sector grows, we want to grow responsibly, and we are finding innovative technologies and solutions that help solve the very issues that are being raised and discussed.

Fiona MacConnacher: Coming back to the point about registration, you can see the number of short-term lets there are in the UK, but that does not give an accurate representation of how many there are because they might be advertised on Booking.com and on Airbnb. You are not getting a very good picture of what the case is, which comes back to Baroness Bakewell's point on data.

Local authorities are stretched and naturally, as a platform, we do not want to add to that. I think it is a combined effort to get this information. If you have a registration number attached to your property, you can see if it exceeds a cap, for example in London. I know there have been previous conversations with the London city council on this between platforms and local authorities. It can be very difficult to administer when you do not know what is happening. If Airbnb says that the 90-day cap has been reached for a property, it might also be used on our property, and you will then find that people exceed that cap. By having a database, you can properly track it and it will be a lot easier for local authorities to help.

Equally, we have a responsibility as an online platform providing such accommodation to take those properties off if they exceed the cap. From Booking.com's perspective, and I am sure from other platforms'

perspectives as well, we want a very clear framework of what we are working with and what local authorities want.

Another point is that Airbnb, Booking.com and many other short-term rental providers are global companies. We have to administer lots of different regulations across the board, which makes it difficult to enforce them. At Booking.com we would call for more national regulation, possibly with an opt-in/opt-out for local authorities, so they can pick and choose the relevant form of regulation they want to use to tackle the issues within their area, which will then make it easier for us to enforce. Bringing in regulation is one thing—it is needed in this sector at the moment—but without it having too much deviation.

I know that there have been conversations with the Scottish Government on regulation. It is not compulsory, which we find difficult when it comes to businesses. We have competition and we are a business. We are trying to make a living. We want to abide by the rules, but by not making it mandatory you do not create a level playing field. There are providers such as Airbnb whose entire function is short-term rentals. You then have businesses such as ourselves at Booking.com, where short-term rentals are a portion of the accommodation that we offer, and we need to be competitive within that space. That is a really important thing to bear in mind.

The Chair: Before I bring in Lord Best on this area, I just want to talk to you about the data. There seems to be data up to 2018 for Airbnb, which is a long time ago, and there has been quite a growth in the sector, as you have said. I cannot quite understand why, in the absence of regulation, which might take ages and has upsides and downsides, you cannot get together through the trade association or a university and actually get some data.

Merilee Karr: There is ONS data and we want to work with the ONS to provide data across all these platforms. Eurostat commissioned a piece of work; it publishes that data on a regular basis and all the platforms submit to it regularly. We are trying to get the ONS to replicate exactly what Eurostat does. We have the commitment of the three major platforms—Expedia, Airbnb and Booking.com—to share data in that format, exactly as they have with Eurostat. We are waiting for the ONS to be able to deliver that. We are very happy to get that going as quickly as we can. We have been pushing for it for quite some time, but it needs to replicate exactly what we do with Eurostat, because, again, global companies cannot have lots of different solutions in lots of different countries. If we can replicate exactly what we do with Eurostat, we can have that data for the UK very quickly.

Amanda Cupples: On that point as well, I think that will help, but I would come back to Merilee's point about the compulsory nature of the host registration being critical for this data to be helpful. We can see only what we can see and, if we do not have an enforcement mechanism, that puts us in a very difficult position where we ask hosts to report data. If they do not do that, what happens next? Do we remove them from the

platform? I put my hand up to that being a big conversation for us to have as commercial businesses.

On the consistency point, even between the three of us we represent very different types of short-term accommodation providers. As I have said, Airbnb hosts tend to be individuals who will have particular arrangements in terms of the role that hosting plays in their overall affairs. Booking.com has a slightly different supply. You guys work with a lot of property managers more up the professional scale. Getting that consistency is really important to be able to do something with the data in a structured way. Absolutely, we are doing what we can, but, just to be clear, it is not a replacement for the benefits that a short-term registration system would provide and unlock in terms of local authorities being able to have that visibility and make those policy decisions.

Merilee Karr: The main point is that, in the absence of the establishment of a registration system, there is data and there are things that we can do, and anything that we can do to push that ahead with the ONS would be appreciated.

Fiona MacConnacher: I would make a further point. As it currently is, the Eurostat data is aggregated and we are looking across the country, whereas with the registration scheme you are looking at more granular data. Local authorities could then break it down by village, parish or even area within a town. It is really important that there is a combination of all the data. I know that Booking.com is very keen to be able to provide that data as we do for Eurostat already. A combination of data will only make it better for there to be more data on this so that local authorities can make the decisions they need to make.

The Chair: What we are saying is that if you can provide data in the interim and find ways of doing that, also regionally in places such as Cornwall, which people are worried about, I am sure that would be helpful to people. A registration system has costs and benefits, as we will come on to discuss, including for start-ups, which might not be able to get into the market.

Q18 **Lord Best:** We are getting an awful lot out of you. It is terrific and really helpful. Our particular interest, because this is a spin-off from our inquiry on meeting demand, is about the effect on supply for people who need a permanent home, not so much about noise and nuisance, and those things. We do not have the data but we have an increasing number of anecdotes, I would say. We are building quite a strong picture behind this now.

Selaine Saxby, the MP for North Devon, did a survey of her constituency to see what was going on and discovered that there were 360 homes available on Airbnb but only one property available for permanent letting at that particular time.

I had a conversation last week with a company called Capital Letters, an enterprise in London looking at private landlords letting to people who would otherwise be in temporary accommodation. It tells me that the

market is drying up, and post Covid, with tourists coming back, this is the market that everyone wants now. They do not want to let to potentially homeless families, even if there are some inducements from the council. We do not have the data, but we have some pretty clear signals that this is a big issue.

My question is not about those people letting a room in their own home, which I suspect none of us is terribly bothered about. It is a good idea. Why keep a spare room when we have such a housing shortage? Let us encourage that, as the tax system already does. My question is about full-time letting, the commercial operation, not necessarily setting up a new company to do it but a whole house being let for more than X days. I am not sure where it came from, but I gather that 140 days is the magic number. It is the whole house for more than 140 days.

Do we already have data you are happy to share that could distinguish between those two completely different kinds of demand? If we are killing demand and we are killing supply to meet the demand, it is the full house for most of the year that counts, and not the people in the spare room letting business.

Merilee Karr: That is a very good point and, in actual fact, there are already existing rules. Rates shift from council tax to business rates when you hit a certain number of nights available and a certain number of nights let. That is important also in closing tax loopholes, on which we have been in discussions with what is now the Department for Levelling Up, Housing and Communities. I am sorry, it is hard to keep up with all the acronym changes. When you take data from the number of people paying business rates—ultimately, what you would probably classify as the commercial operators—you will see that it is an incredibly small proportion of what our industry represents.

In many cases, those locations have had vacation rental industries for many years. A lot of those commercial operators may have been around for 20 years or more, even predating the platforms and the Airbnb revolution that people talk about. It is important as well because, when we talk about the industry, of course we represent the short-term rental market and more recent things, but we also represent those companies, businesses and commercial operators that in many cases have been around for much longer than our industry is seen to have been.

We have to be careful that we do not demonise commercial operators but understand them better, which is why registration is so important—so that we can understand and correlate data from the number of registrations there are, how many of those people are paying business rates, and therefore, how many genuine commercial operators we have, versus what Fiona was discussing earlier. Speaking for my company, we manage several hundred homes across London, but none of them is commercial. They are all letting within the rules on an amateur basis, but with a professional operator.

Data will be really important to separate out those two things. There is anecdotal evidence that there are potentially more commercial operators.

I absolutely understand that as an issue, but we really have to separate out where it is professionalisation—people doing it through a professional company—versus commercial operators. Even when we are talking about commercial operators, how many of those have been around for a very long time and are well established versus new ones entering the market? Otherwise we run the risk of the unintended consequences of taking away the self-catered accommodation industry that has been around much longer than most of our businesses.

Amanda Cupples: I think there is a temptation, and you will think I am a total broken record by the end of this, to try to solve the bit of the problem that you think is the problem—what you have described. I have had a direct conversation with Selaine Saxby about this. We have talked to her a lot. She is a wonderful MP and I have huge respect for what she is doing. That particular survey is a prime example of why it is a bit dangerous to cherry pick. You think you know what the problem and the answer is, so you go and do something.

As to the idea that there are X number of Airbnb properties versus X number of permanent rentals, those methodologies are inherently flawed, primarily because they assume that every listing on Airbnb is a house that would be available for long-term accommodation. Particularly when you get into these vacation rental markets, you will have seen it yourselves as you travel around the country—they are barns, annexes, private rooms, sometimes yurts. Sometimes they are second homes, but they are second homes that are rented out for two weeks while the owner goes to Spain and then comes back and stays in them for the rest of the summer with the family. There is this whole variety of uses.

I would caution against jumping to the conclusion that there are private rooms here and big nasty property speculators there, so let us just go after these guys and that will sort out the problem. It is really important to have that complete, robust evidence base that gives you that richness and nuance around all the different ways that people use these properties.

The vacation rental one is very difficult to solve because what you have is, effectively, a seasonal problem, where there is a lot of demand coming in over a relatively short period. We hear a lot of calls for night capping. Night capping does not work in vacation rental markets because very few people rent out these properties for more than 90 days. You run into the 140-day problem as well in a seasonal market. That may not pick up who you think the problem children are. Of course, it is good to be proactive and, as I said, we are in constant dialogue with local authorities and people like Selaine Saxby. There is a lot to be done, but there really is—sorry, broken record time—no substitute for having that short-term accommodation register that lays everything out in a consistent, transparent and holistic way.

Merilee Karr: Another important point to mention on this piece is that the move towards second home ownership has only increased with the Covid pandemic. A lot of people are raising the second home ownership

issue. There is also a danger that we correlate second home ownership with holiday rentals. According to census data, more homes are second homes and not rented out than are second homes and are rented out. That is an important piece of information. Even on the tax side, we have advocated some of what Wales does in having a council tax premium for second home owners, because the economic value of a second home being rented out is hugely advantageous compared to a second home that sits empty.

Tackling the second home problem is very different from what our industry is here to talk about, but it is really important to separate out those two issues. Changing their lifestyles, as Amanda talked about, people can now work more remotely. They might now have a home in Wales, or somewhere else in England, and they might come into London only for short periods. If they own two homes, they have a home in London they are not using all the time and a home in the country that they are not using all the time. Are we going to stop that change of lifestyle that is happening anyway, by saying, "You can't do that", or, "You've got limits here or there", or do we say that the value of the income that is brought in by both of those properties being rented out when they are not being used by the resident is of value to that local community, and just because somebody is living there, by virtue of that, it cannot be rented out to a long-term tenant year round?

The Chair: Thank you. I am going to stop you there and ask if people can be a bit briefer. I am going to bring in Lord Grocott. We have quite a lot of further questions and it is important that we get through them. I realise our questions are difficult, but short answers are even more compelling.

Q19 **Lord Grocott:** We have heard an awful lot about data and you are all agreed that we need more of it. I have a couple of points I want to raise with you. You have all quoted data quite authoritatively in your evidence and, unless I misheard you, it has not always been consistent. We heard from Merilee Karr that the average income for people dealing with short-term lets was £3,000 a year, or thereabouts. Then we heard from Airbnb that the income from short-term lets was £6,000. That is not a marginal difference—it is quite significant. It will be a bit difficult for other people to obtain accurate information about this market if you are so divergent with the information you have given to us. I would like to know who was wrong out of the two of you, if you could help me on that.

Merilee Karr: To be perfectly honest, probably neither of us—

Lord Grocott: I guessed that.

Merilee Karr: —because there will be slightly different time periods and it will depend on what sample you actually look at. While you might say there is a big difference and it is roughly double, in both of those cases we are not talking about people earning £50,000, £60,000 or £80,000 and hitting the VAT threshold. We are talking about quite small amounts of income, relatively speaking. I agree that we would all like to get better

data. Part of the reason why we are here is in support of that. We can get better at working together and making sure that we find the most accurate and most up-to-date data sources, but we are genuinely trying to present data to support the points rather than talking based on experience.

Amanda Cupples: I am sorry to interrupt you but I think that is exactly the point. We present the data in the way we view it for our own commercial ends. Broken record time again: having the register means we have a consistent way of displaying it, which means you can compare apples with apples.

Lord Grocott: I expected you to explain to me that you were using different bases. Could you give us a little note on what the different bases were on which you gave us those very important and authoritative statistics? We will then know implicitly why there was such a big difference on a very important fact.

The other question I have—again, this is about data and the shortage of it—is that, in the briefing paper we got prior to these meetings, we were quoted research from Scotland of a survey of short-term letting hosts in Scotland. I very much agree with my colleague Lord Best on this. No one is thinking of regulating someone who lets out a room in their house for two or three weeks a year; that would be ridiculous. It is about the whole of the house being let throughout the year through a number of short-term lettings.

The research from Scotland says that a survey of short-term letting hosts in Scotland found that over a third of short-term letting properties—36%—were previously either long-term residential lets or owner-occupied homes. That is a pretty big figure. All right, you will say that, as a proportion of the number of houses overall, it is small—of course, 1% in London does not sound a lot—but it is a lot of houses. I would like to know with your expertise whether what to me sounds like a very significant figure in any way reflects your experience and, if not, what your figures tell you.

Amanda Cupples: First up, that number just does not reflect our host base and the way that our hosts tend to host on Airbnb. I do not know that particular survey so I cannot comment on the specifics of it. I come back to this point that, on Airbnb, the average host is renting out their home or their space for three nights a month, which is not consistent with what you are saying. We would have to dig into the methodology.

The broader point is that, again, whether a house has been taken off the long-term accommodation market or is in some way removed is going to be very sectorally dependent. We acknowledge that there might be parts of the country where this is a problem. It is entirely possible that this is true. I want to be really clear to the committee that we are not coming here today to pretend that there is never, ever going to be a problem and it is always going to be okay.

Where we struggle a little is that people quote these surveys to us but they do not reflect what we see in our individual sets of data. It is almost difficult to know what to say because it sounds, on the face of it, like a problem, but the problem is—here we go again—that we do not structurally have the right evidence base to say, "Can we track these properties through council tax, rates and all those other data sources that local authorities have, to understand the turnover and the movement of property?" We cannot do that today. We do not really understand the occupation of those homes. Are they being let out all year or, to Merilee's point, are they people who have relocated out from an urban centre during Covid? We do not know any of those things. I find it quite difficult to give you a pithy answer as to what the solution is other than, "Let us get that evidence base and sit down in dialogue with each other, and we will come to the table and support if an intervention is required".

Lord Grocott: You must know the basis from which a lot of us are coming, which is that we are out of a very long report we had on housing. The housing "problem" for us is basically the shortage of houses for people to live in full-time, whether it is rented or owner-occupied. From our perspective, we want to discover whether this is affecting the 300,000 objective that the Government have and that we as a committee supported, and whether parts of your activities—I agree it is a very complex sector—are making that objective of 300,000 a year harder to achieve. That is really where we are all coming from. Any information you can give us on that would be much appreciated.

Baroness Cohen of Pimlico: I have a question that seems rather simple. In the Queen's Speech, in the proposed levelling-up measures, there is a statement that all landlords will be required to register. It says "all landlords", which in my book is anybody who lets any property for money—possibly the social landlords as well. It might include every known category of landlord. Will this not make a huge difference to your ability to collect data and possibly to your business models? Have you been thinking about this?

Amanda Cupples: Absolutely.

Baroness Cohen of Pimlico: Good. Please share.

Amanda Cupples: Obviously, there was that statement in the Queen's Speech, but our view is that what registration means has to be fleshed out. We know that there is a lot of work being done—I think Merilee mentioned this—on long-term landlord accommodation registers and various schemes. Our position remains the same. The short-term rental accommodation sector has to be regulated in a way that is proportionate to the activity taking place within it. For us, this is the short-term accommodation register that we proposed. The hallmarks of that register are that it is online, simple, instant and, if not free, cheap and does not present a burden to the ordinary everyday people who are home-sharing and doing short-term rental.

I do not think anything in the Queen's Speech has moved our position. After this, I will have to have a conversation with our policy team, but I do not think we have had any indication that that sort of scheme around long-term accommodation would be applied to the short-term sector. We would certainly oppose that if it was because it is totally disproportionate.

Baroness Cohen of Pimlico: I am sure. One of my key questions is this: if and when this particular bit of the levelling-up Bill gets through, will that help the quest for data?

Merilee Karr: It certainly would give information about whether homes that are being rented in the long term are disappearing from the market. You would still have to correlate that with some of the tax changes. You have landlords leaving the market and selling properties to first-time buyers, so there is a whole bunch of dynamics going on there, but more data is absolutely going to help to clarify whether some of the trends that we hear about are actually happening in greater numbers, or whether it is down to more examples that do not materialise in the numbers. We do not know the answer to that but more data on the long-term letting side will absolutely help to debunk certain myths and help us know what we need to look at.

Baroness Cohen of Pimlico: This, of course, is not its purpose. It is reasonably clear to us that, although it may be disguised as a levelling-up agenda, this is tax-driven. If it is not registered, you cannot tax it. That is probably what is driving it, but I hope that there might be some incidental benefit as well and that this is not just the addition of tax to the Revenue, which must be important.

Merilee Karr: We support the fact that our industry pays tax. When we look at the distinction between business rates and council tax, for example, we have positions on those things that we think can be helpful. Ultimately, if money flows back into local communities and helps with local services, and all those kinds of things, our industry is a benefit to those local communities and, indeed, those local councils in funding the services they provide. We are very supportive of our industry paying its fair share of tax. If registration is helping the taxman to collect that, all the better.

Baroness Cohen of Pimlico: I have yet to know that taxation collected locally goes back into local government.

Merilee Karr: Council tax is.

Baroness Cohen of Pimlico: Council tax is, yes. Fair enough.

The Chair: Lord Moylan, do you want to come in?

Q20 **Lord Moylan:** I am always suspicious when businesses grow to a certain size having been start-ups and then start demanding regulation. When all the industry sector representatives turn up at the same time, pushing the same line very strongly, that slightly exaggerates my level of suspicion.

We have heard why registration is going to be helpful to you and to data scientists—perhaps I should say statisticians—and policymakers such as the people around this table. I have not heard why it is going to be helpful to the people you described in such moving terms as living on a marginal income in making ends meet, I think was the expression, by letting out their homes. It seems to me that it would simply add an additional burden and perhaps drive them out of the market, especially as many of them would not be taxpayers in any event because of the allowance that exists for people letting out part of their home.

I also have not heard, in any sense, how it will help consumers—your customers. I am more interested in them and the people who are letting to them. I am interested in the business rather than the regulation; we are just putting obstacles potentially in the way of business.

I will elaborate on this last point so that you can then answer it as a package. We turn to the question of registration; Baroness Cohen's question helpfully brought this out. It turns out that you want a system of registration so light that it does not seem to me it would collect any meaningful data. You would just fill in a form online that gives you instant registration at no cost. It would not give you very much meaningful data; nor would it give you anything by way of higher standards or greater assurance for the consumer. Just filling in an online form does not mean I have actually dealt with rodents, and there is no one coming to check that I have dealt with them, that the furniture is compliant with fire safety or anything like that. I really cannot understand what the registration scheme that you envisage is going to produce other than data, which might be commercially useful and useful in policy terms but which, frankly, I can do without. Whatever Lord Best says, we really are talking about a very marginal effect on housing supply and zero on new houses.

Baroness Cohen of Pimlico: You do not know that.

Lord Moylan: We do not know it so we will kill the sector to find out.

Merilee Karr: I think the opposite. Obviously, these guys represent large global companies. I am here representing the Short Term Accommodation Association. However, I also run a small company here in the UK and can speak very clearly for smaller companies and property managers. We also have members who are hosts, so there are individual members as well. Overall, I think that the benefit for our sector of getting this data is critical because the risk we run otherwise is that all the stories that are told, all this anecdotal evidence et cetera, overtakes reality.

Lord Moylan: To move on, I have understood the benefits for you. I did not ask about that. I have accepted there are benefits for you, as there are for policymakers. I am asking about the benefits for the people you movingly described as dependent on the marginal income who will now have an extra burden to face, which might be a very simple one or a very large one—we do not know where the Government will land with this registration scheme—and what benefits would flow for the people who

are your customers.

Amanda Cupples: Perhaps I can give a counterexample. I think it is a very good point to raise. It is one of the reasons why we were very firm in our White Paper on the idea that registration for amateurs should be free, and for commercial operators perhaps you should charge them a reasonable fee. As I said, the bulk of the Airbnb host community are those amateur, everyday hosts, and it needs to be free.

I will give you an example of how this has played out in Scotland. I do not know how aware of this the committee is, but a licensing scheme has now become law in Scotland and we are in the process of implementing that with local authorities. It is onerous, costly and complex. What our hosts in rural areas around the country tell us again and again is, "I can't afford to pay £300 so I'm just not going to share my home".

The other day, I talked to a host in Edinburgh who brings guests into her son's bedroom when he is away at university and that funds his halls of residence. That is how she hosts on Airbnb. She will not be able to do that any more because she is in a part of Edinburgh where short-term lets will be completely zoned out. The benefit of this light-touch registration system is that people like that in England will not suffer what is going to happen to those hosts in Scotland. They will be able to continue to use their space, their house, to earn incremental income.

Lord Moylan: What is the benefit of it?

Amanda Cupples: The benefit, to be very frank with this committee, is that we are having some very emotive conversations in parts of England around potentially zoning out short-term lets altogether or radically restricting their use. We do worry for our hosts that those conversations are disproportionate to the ill or the harm that they are trying to address. For us, registration is a way of proving the value that our hosts bring to this country every day. We are very confident that will be proved out, but it has to be free.

Lord Moylan: We will have to see if DLUHC has any notion of what "free" actually means.

Amanda Cupples: Point taken.

Lord Moylan: Or whether the words "light touch" have ever entered its mentality.

Merilee Karr: There is also the question of where the registration scheme sits. If you look at Portugal, which is probably the most successful registration scheme of any market, it was free and it was run by the tourism ministry to collect that high-level data to start to identify what needs to happen. I think that is a great example of how, if it is free or low cost, a scheme could be run. It would be £20 per year per user to register even if it is fully funded, so it would not cost the Government anything.

Lord Moylan: I do not want to take up too much time but, essentially, you are trying to engage the Government to carry out on behalf of the state an exercise that is of benefit to the industry by which you could—and most industries would expect you to—develop your own data. In doing so, you are inviting the Government in through the door and saying, "It is free or £20". They do not know what those words mean. Of course, what happens is, the moment the Government regulate something, they take on in the public mind a degree of responsibility for it. You start writing to your MP complaining about the fact that this was a regulated cottage and it was full of rodents, or whatever it might be. The push is always for the regulation to be tightened. You get a headline in the newspaper saying, "This is disgusting", and you get tighter and tighter and more onerous regulation. You are inviting them in to collect data that you should be collecting but you have not demonstrated—not to my satisfaction, anyway; perhaps to others' you have, I do not know—what benefits will accrue to the economic participants in the sector, which is the consumers and the hosts. Anyway, I will shut up.

The Chair: Thank you. I would add that Twitter and Facebook were very iffy about providing information to our committee. The more you can do to publish data you have yourselves, rather than being totally reliant on the Government to bring in a system, which may well be needed, that would help us.

I have four more speakers so if we can keep the last few questions short, which I think go over some of the same ground, that would be good.

Q21 **Lord Haselhurst:** I am finding it difficult to imagine all the situations that could arise on the face of it. If you have a property and you want to rent accommodation in it, what could be wrong with that? As Professor Novelli happens to mention in her report, a minority of bad actors can give the whole thing a bad reputation. There will be bad actors in everything, will there not? There will be people who exploit and so on.

I envisage the matter of regulation being conducted at the local level. Local areas ought to be able to decide what is in their interests generally. That might have some merit in it. I share Lord Moylan's doubts about whether it is the Government's job to do it. Their job is to create policies that enable houses to be built to meet a permanent rental market and the desire for home ownership.

I remember student accommodation, where you were piled into a particular property and you did not live to the highest standards and so on, but it happened, it worked and rarely was there scandal in those situations. Now, at the opposite extreme, you get people letting their houses in desirable country areas at a high-end rent where four, six, 10 or 12 people can be accommodated, usually for a week, but in that case the owners have time, which is imposed on them, to have vacated so that the place is right for the next people coming in.

How will we regulate the state of the properties? I can think of lots of places. There is Rosebud Cottage, for example. A silver-haired widow who owns it but it has a killer staircase or low beams where someone

could crack their head. There are huge responsibilities attaching to that. I just worry that this is diverting us from the real job of making sure that there is a plenitude of housing to cope with the various needs.

Merilee Karr: There is already a whole host of regulations on safety that apply to our sector. We publish them all on the Short Term Accommodation Association website. They are available for people to learn about and it clarifies that a lot of these regulations already exist. We have been working with the National Fire Chiefs Council on regulations specifically around health and safety risks. We want to make sure that, where those regulations already exist, they are well implemented. That is also why we implemented the accreditation scheme so that we would have independent third parties coming in and inspecting. That is funded by the industry rather than local councils having to do more of that activity.

I agree with you that it is important that these standards are adhered to. I also share your view that our industry needs to take the lead in making sure that they are implemented, so that it is not an extra burden and we meet the consumer demands that these ladies have spoken about, which are not going away. If anything, they are increasing as families want to travel more, as they have enjoyed staycations over these past few years. Meeting that demand while making sure that we have the right standards in place is critical, and working together to do that is really important.

Lord Haselhurst: I will follow that up. We can hit bizarre situations where very popular places have so many holiday lets that the people who live there normally for the rest of the year—they might be the people who run the local café, bar, butcher's shop or whatever else—cannot afford to live there. It is getting ridiculous. Surely there has to be some sort of proportionality about this. Holiday lets of two days, seven days or whatever are attractive on the surface but, if it is doing a lot of social damage to a community, we surely must restrict it in some way.

Merilee Karr: We would love to get the evidence to see what the issues are and where they exist, to be able to make educated, evidence-based decisions about that.

The Chair: We will move on because we are in danger of having the same conversation again on that particular point.

Amanda Cupples: May I make one short additional point on the standards piece? As participants in the industry, we all take this very seriously. We are constantly innovating and improving the way in which we talk to our host communities about this. Airbnb has a very comprehensive set of insurances and protections for hosts. It is called AirCover for Hosts and includes a $1 million guarantee if something goes wrong on a trip and so on. We have a trust and safety council where we work with Crimestoppers, the National Fire Chiefs Council and many other bodies. We do educational seminars and webinars with our hosts all the time.

This is underpinned for those of us who are on platforms by what I would describe as the most effective inspection system in the world, which is guest reviews. We constantly monitor guest reviews. We do regular quality sweeps. We have a very high bar for the quality of the properties on our platforms. I offer that to the committee just to remind it that there are ways of doing inspections other than someone paid by the local council knocking on your front door to check whether there are rats. We know—in fact, a lot of the time I personally know—where we have a property that falls down because our guests let us know about it straightaway, and we take action.

The Chair: I think we all support the review system.

Q22 **Lord Stunell:** In the evidence so far, you have said that you want compulsory, not voluntary, registration, if I understood it correctly. You do not want licensing. I would like you to define the subtle difference between registration and licensing. You are strongly in favour of accreditation by the sector itself, which is the point Lord Moylan made. Could you draw those three points together and tell me whether I have understood the distinctions you have made correctly, and whether there is a better way of integrating them than I have heard so far?

Merilee Karr: The distinction between registration and licensing comes back to what all of us have shared about registration being instantaneous. It is a declaration. It is free or very low cost. Registration gives us an idea of who is doing the activity and where the activity exists, and it gives us that critical dataset. Licensing is when you need permission to do the activity. There are potentially inspections or other things that go along with it. It tends to be far more costly and far more burdensome, and deters a lot of the amateur activity that everyone seems to be saying is exactly the bit that we want to encourage. Those are the two distinctions.

Our position is that, by having accreditation, if you are accredited and you are inspected, you might get a discount on your registration because it makes it easier for councils to know where they need to focus their resource and where the inspections are already taking place, funded by the industry. Something like that might be a way to address that and to have a simple registration scheme that encourages people to do their own inspections and meet the standards on their own.

Amanda Cupples: To build on the accreditation point, we probably have a slightly different position in that we of course support any initiative to drive up quality standards. I would just caution against requiring those very casual, occasional hosts to have to accredit in a way that is disproportionately burdensome and perhaps does not reflect the type of short-term rental. For example, if you have a private room in your house, the standards that one would reasonably expect that kind of host to meet would be different from someone renting out a 12-person home on a commercial basis. There is definitely a conversation to be had about the right way of making sure that those quality standards are driven up

without, again, adding very onerous obligations, but I think that is a conversation that we can and will have at the appropriate moment.

Fiona MacConnacher: I would add very briefly that we would also push for something proportionate.

Q23 **Lord Carrington of Fulham:** I think you will have picked up that some of us—Lord Moylan expressed it very well—are a little suspicious about government regulation, not because we are against registration, I suspect, but because we think it will lead to something more than just registration.

Looking at what actually works, there is a dividing line between what the industry can do itself—this is true about all trade bodies; I have been involved with a couple of them in my career—and what the industry cannot do itself, which takes government intervention. I would have thought that the incentive for most companies is to keep the amount the Government have to do down to the barest minimum.

I understand why you would want registration. I understand why you would want the statistics. I understand why there would be benefits to the big operators in the business. You will know where the properties are that you want to target; you will also know where your competition operates; and you will get some sort of feel for the quality of the competition properties that other people have on their platforms. I understand all that.

It comes down, though, to what Amanda was saying about how you maintain quality and how you get your customers to understand which properties they should be renting and which ones they should not, whether it is because of maintenance and quality or because of the sort of information they are getting as to the type of property—low beams, steep staircases, or whatever. TripAdvisor has enormous problems with fake information on its customer reviews. How do you avoid that?

Fiona MacConnacher: If you are making a review on Booking.com, you have to have stayed at the accommodation. It is a slightly different model from TripAdvisor or, indeed, Google reviews, where you can make a review without having stayed there. You are only able to make a review once a trip has come to an end. I cannot speak for Airbnb but I imagine it is a similar situation.

Amanda Cupples: Having said that, fake reviews happen and we have a process for taking them down. Again, one advantage of being in a platform situation is that, if there is a fake review, often the person on the other side of the review will flag it to us and we can take it down. For us, fake reviews are the worst thing that can happen because they fundamentally compromise the quality of our business. We do not have a material problem with fake reviews for Airbnb. They happen from time to time and, as I have said, we have a process for taking them down, but it is not a big commercial problem for us.

I would also make the point that I know the CMA is considering some legislation at the moment around fake reviews in consumer

environments. Again, we support all that kind of legislation, as long as it is proportionate and we are capable of enforcing it. I am gladdened by the confidence that everyone has in us to manage some of these topics, but the reality of things like fake reviews is that we have to be able to find them to get to them.

Lord Carrington of Fulham: The reason I ask is this: if the customers are happy and your reviews are correct, it reduces the requirement for regulation because the industry effectively becomes self-regulating. It is obviously much more complicated than that, but you then have a way forward for self-regulation. It really comes down to whether we need regulation at all, or is there a model, perhaps overseas or internationally, where you can get to what you want to achieve by regulation without having enforcement by government legislation?

Fiona MacConnacher: Thinking about how it is done internationally is a really good point. I think we should learn a lot from how different countries and authorities are doing it. If we look to the EU, Merilee mentioned the Portugal example earlier. That is a great success. If you look around the world, registration schemes are the method of choice for regulating this sector.

I know Lord Moylan said earlier that there was a certain suspicion about companies such as ours calling for regulation in this area. I would argue that Booking.com is not necessarily a spritely young thing. We have been around online a while—since 1996, in fact.

The reason why we are calling for regulation is to help. Naturally, you have reviews and this helps the consumer but, equally, you need to have some form of regulation to protect them. Yes, you can have good reviews but, if someone is just starting out, if you have a registration number for that property, as a platform you can also know if that property is legitimate. You can have some properties coming up that we as a platform try to take down as soon as possible, but you have this issue of whether it is legitimate.

Amanda Cupples: If I might come in here, I think we need to take a step back. It is always nice to think about the purpose of regulation. This is a slightly odd one in that there is a degree to which I agree with you. On the quality point, I think that we as a sector are perfectly capable of regulating the quality of short-term accommodation providers—in fact, we do today. I do not want to put words in other people's mouths, but I do not think anyone is sitting here saying that we need regulation because we think this is the only way we can achieve quality.

We are saying that there are a number of really quite profound decisions being made, mostly in the area of housing, in which short-term accommodation is seen as one of the sectors in which it is important to have transparency and visibility. As a sector, it is very difficult for us to provide that transparency without registration because the element of consistency and the mandatory nature of it, if you are a short-term accommodation provider, gives that evidence base.

I have never had a conversation internally at Airbnb about using any of this data to help us improve our supply. It is not even on our radar. The reason we are pushing for it is because we want to make sure that there is an evidence base that supports sensible decisions on planning, housing and taxation. It is a bit of a compromise position in some ways, in that we will take on the burden of administrating and enforcing this in order to get to the longer-term benefits of having conversations around the contribution that short-term housing makes to issues in this area. We strongly believe that those conversations will demonstrate the value of the sector, but we need the evidence to even have the conversation.

Lord Carrington of Fulham: May I throw in one last thing? What this all raises to me, to put it in a nutshell, is that you have a platform where, in an ideal world, the information is there for the user of your services—the person who wants to rent a short-term property—to be able to make the decision as to which one they want to have. With caveat emptor, with the user actually taking some responsibility, if they go to somebody who is not with you or some trade body or whatever, that is their problem, and if they get ripped off, they will learn the next time. It is no part of government to stop them doing that because, if you did that, you would control everything. What the Government ought to be controlling is you. They should not be controlling the people with the properties but controlling you to make sure that the information you are giving to the customers is the right information for them to be able to make an informed decision.

Merilee Karr: That is an interesting one because I do not represent a platform in the activities that we do. What I can say as the owner of a property management company is that you spend literally every day improving your listings because the worst thing that can happen is someone goes into a home and complains. That costs your team so much extra time. We literally will be so accurate that we will even sometimes describe homes as "well loved" as opposed to "This is all newly renovated". You get all these things down to a science because you have to be accurate in the description; otherwise, you risk a complaint, they want a refund, they are unhappy, et cetera. The incentives on hosts and property management companies to describe accurately what they are providing are absolutely huge. I cannot even tell you the pressure that my team is under almost on a daily basis to be as accurate as possible, because it takes pain away from their daily jobs.

Amanda Cupples: On the issue of the Government controlling us as a platform, they already do. We comply with all the consumer legislation—the various forms of it that are in force in this country and around the world where we operate. Let us be clear, though: making decisions about restricting people's ability to use their homes to home-share and to provide short-term accommodation, be they a primary or secondary residence, is a form of direct control by regulation. What we say as an industry and a sector standing in the middle of this is this: if that decision is going to be made, can it be made on an evidence base that is robust and accurate?

Lord Carrington of Fulham: You need to provide it.

Amanda Cupples: We will, and we will enforce it as well.

The Chair: I have a point of clarification on that enforcement. If there was a regulation system, all of you would kick people off your sites if they were not registered.

Amanda Cupples: Yes. We do that around the world where those systems are enforced.

Baroness Bakewell: You represent very illustrious, well-established companies that you obviously run well. What about the cowboys in the business? What about people who are setting up a rental set-up with unverified accommodation? Where are the villains going to be in this situation and how do you drive them out of the market?

Merilee Karr: We all want to drive that sort of activity out of the sector. That is not what any of us wants. We think that registration helps because being visible creates a barrier to the wrong types of activity happening. The more transparency and the more visibility that exists, the better to try to avoid those people entering the market.

As we have already discussed at quite a lot of length, the review processes that exist are probably the best way to avoid that because those are not the guys getting accredited, joining the association and so forth. The more we can deter them by creating transparent ways for them to be known and getting them off platforms or out of the industry, all the better.

Fiona MacConnacher: Also, if you were to display a registration number on our website, Airbnb and other smaller platforms, for example, if you had a cowboy company coming in and not displaying it, the consumer would get used to a certain form of display as meaning that these properties abide by the relevant rules, which naturally would also mean that people would be more inclined to go for certain things. I think that would also help the consumer.

Baroness Bakewell: There is quite a lot of pain on the way though while the public gets to recognise cowboys.

Fiona MacConnacher: While they get used to it, yes.

Amanda Cupples: I think you would have to put it in the context of all the other things that we do as an industry to educate the public. It is enormously problematic to have these people out there. At Airbnb, we do a lot of work. We have just released a guide with Get Safe Online, which is all about making payments and making sure that you do not get scammed when you are making a payment on accommodation. We are constantly coming up with these partnerships to try to educate people. We have a very explicit objective to make hosted travel the most trusted form of travel in the UK. Again, I think you can rely on the fact that we are entrepreneurial, innovative organisations that will look to do those

things proactively because it is fantastic for our business when everything works smoothly.

Q24 **Lord Berkeley:** I would like to go back to where Lord Best started off an hour or so ago, with Selaine Saxby's statements about the reduction in long-term lets in favour of short-term lets. I live in the south-west and I have seen a similar example in Plymouth, where a long article in a local paper said that a couple had been evicted from a house in which they had been renting two rooms because the owner wanted to sell. Six months later, after they had gone, the house appeared on Airbnb for short-term letting. The only reason the owner would have done that is because he would probably make a lot more money, but it is depriving a local worker of accommodation. The same article said that, on somebody's books, there had been 200 long-term rentals available a few years ago in Plymouth but now there is one. I know that there are variations across the UK—let us keep away from data because I think we have had enough talk about that this morning—but there needs to be a solution because there is no longer any room for local people to work in those areas, as Lord Haselhurst indicated.

One example in our briefing—I do not know what you think about it—was from the Republic of Ireland, which said that a secondary property can be used as a short-term let only having obtained a permit for tourism short-term letting purposes which is not available in areas of high housing demand. Is that not the kind of thing that could come out of a planning application and a planning grant? Would that not be a solution in some areas—I emphasise "some"—where there is a really serious lack of accommodation for what you might call local workers? Would you support that?

Merilee Karr: In planning, the tricky thing with something like that is that you deter all the amateurs who are not taking homes off the market. They are not going to go and get a licence to rent it out for two or three months a year when they are on holiday or whatever. Again, before getting to a place where we make planning decisions and create new powers to stop activity, or limit activity, we need to better understand it because the risk is that you put in place something like they have in Ireland and all the amateur activity disappears, which is what creates a lot of the benefits. In the end, you also do not get the income and tax dollars into those local communities—all these other things—because we have tried to solve a specific case, which has an impact on all the other cases because we have now created a new planning law of how you can use your property. That is the biggest risk if we jump into making conclusions that that is a solution that would solve this problem.

Lord Berkeley: May I stop you there? You would suggest that the local bus driver should sleep in the streets so that the owner can make more money. Is that what you are saying?

Merilee Karr: No, absolutely not.

Lord Berkeley: It sounds like it.

Merilee Karr: There is a bigger issue of housing. There is not enough new housing being built. There is a decline in affordable housing and there are counterproductive policies, some of which are there to stimulate the housing market but have had opposite consequences. Drawing the conclusion that our industry is the cause of this housing issue is what we are actually trying to get better data on. The conclusion that, because of these examples, our industry is the cause of the bus driver not having a place to live is dangerous, which is why we need evidence. More housing needs to be built; more affordable housing needs to be built. Before we start changing planning regulations, we have to have data to be able to clearly define whether the existence of our industry, or amateurs being able to rent out their properties when they are not using them, is the cause of this housing crisis.

Lord Berkeley: Do you have any other solutions?

Amanda Cupples: I know we do not want to talk about data but, on this topic, where the evidence base exists that there is impact and pressure on housing, we recognise that there may be a desire to control short-term lets. If we get to that point, we as a platform will work with our hosts and local authorities to enforce that. Just to be clear, we are not coming in here today and saying that this will never be the solution or, if it is, we will oppose it at every juncture; we are just saying that we feel it is a little bit too soon because the evidence base is not there.

There are a number of regulatory levers that local authorities may want to use. Once you have identified the nature of the problem, what is the right lever for the solution? It is quite interesting that, when you bring together politicians and policymakers from some of these different communities around the UK, the thing they have in common is that there is pressure on housing but, as they talk to each other, it becomes apparent very quickly that the drivers of that pressure are quite different from area to area. That is why it is important and why we perhaps sound a little woolly on it. It is very hard for us to make generalist statements about what we would or would not think was a good idea because it is so context-dependent. I think what we are saying and asking in this room is to include us in those conversations and those dialogues. Our commitment is that we will provide the data and show up in a way that we hope is to the benefit of the entire community and not just the people who short-term let within it.

Lord Berkeley: Fiona?

The Chair: Last word.

Fiona MacConnacher: I agree with Amanda. I do not think anyone in the industry wants to take property and housing away from those in need. This is why we need to see what is happening in order to come up with the solutions. We would be willing to work together with you on that.

The Chair: It just remains for me to thank you. We have gone over time. Thank you for turning up. As you said, you have promised to think about

one or two further things, including the vexed area of data. Lord Grocott had some questions, you remember, about the figure of £6,000; perhaps you could follow up on those. For now, thank you very much for your time. The public evidence session has ended.