

SERVICED APARTMENTS

Recently much interest has been focussed on the possibility of converting premises to Serviced Apartments. This has in part arisen due to likely tax changes on privately owned rented properties and locally imposed restrictions on Houses in Multiple Occupation. It relies upon the blurred edges of residential (C3) use and hotels (C1).

For a landlord there is the possibility of increased income, albeit there is potentially increased workload.

These notes provide some background to the planning situation in England.

What is a Serviced Apartment?

There is no legal definition however the following provides some guidance

*“A serviced apartment is a commercially registered business with a specified entrance, dedicated reception or guest services team. It includes a small kitchen, bathroom and living area and provides regular housekeeping services. It can also offer hotel-like services such as restaurants, business facilities and laundry services”.*¹

So when is it considered residential and when is it a hotel?

This will depend on the particular characteristics of the use as serviced accommodation.

If those staying at the property do not do so as “single households” this could be interpreted as a material change of use. Similarly if the pattern of arrival and departures is different to a normal household, the frequency of 'party-type activities' and the potential nuisance to neighbours may lead the local authority to conclude a change of use has taken place.

Does the length of stay determine the type of use?

It is generally accepted that the difference between a rented house and a serviced apartment comes down to the length of stay. If the stay is less than 90 days it is classed as a hotel use, if in excess of 90 days it falls within a residential use.

This arose initially in London where specific legislation² stipulates a minimum length of stay of 90-days for properties with planning consent under the C3 use class but where shorter lettings are anticipated a C1 or sui generis consent will be required.

1 Jones Lang Lasalle. Focus On: The London Serviced Apartment Sector 2013

2 The Greater London Council (General Powers) Act 1973

The distinction was held in Mayflower Cambridge Ltd v Secretary of State for the Environment and Cambridge City Council heard in the High Court. The case turned on the difference between a hotel and a bed-sit. The judge concluded:

“.. the real difference between use as a bed-sitting room and use for the purposes of a hotel turns on the stability or instability of the population in the premises and the extent to which they are making the individual flat lets their homes. The essence of a hotel is that it takes transient passengers.”

Will I get permission for change of use to C1 use?

Unlike HMOs Councils particularly in tourist areas often have policies encouraging the provision of hotels.

General policies relating to car parking, disturbance to neighbours etc. will still apply.

Am I restricted on the size of the apartments?

Unlike HMO's there are no restrictions on the size of rooms or the number of people occupying them.

What services do I need to offer?

There is no definitive list, but as a minimum you will need to have someone available to book guests in and out, and provide laundry and cleaning services.

Even mainstream hotels may not provide catering on site preferring guests to have self-catering facilities or to use local restaurants.

What other consents do I require?

It is worth checking any conditions on your mortgage, covenants or lease agreements to ensure you are not in breach.

Fire safety requirements will need to be addressed. Contact your local Fire Officer for details.

If you are providing meals you will need to be licensed by the local authority.