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Serviced  
Accommodation



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# Serviced Accommodation

Welcome to this guide which should give you an understanding of what is serviced accommodation and the legislation that applies to them, particularly with regard to planning permission in England

Town Planning Expert is a nationwide planning consultancy headquartered in South-East Hampshire. Our goal is to help clients achieve their aspirations by providing clear, considered and pragmatic advice based on a detailed knowledge of local and national planning policy, and insight into how decisions are made both locally and at appeal.

While we have tried to ensure that this information is as up to date as possible, legislation, particularly that introduced by local authorities, is constantly changing. You should check with us regarding the situation in specific areas.

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## Introduction

# Serviced Accommodation

Serviced Accommodation is normally a fully furnished apartment, house or single room within a house that is available for short-term or long-term stay, providing hotel-like amenities such as room service, house keeping, a fitness center, a laundry room, and a rec room. Most of them are equipped with full kitchens, Wi-Fi and other facilities.

Companies frequently use serviced accommodation to host professionals who may be on a local or international work assignment. It is common for executives to stay in serviced accommodation while searching for a permanent residence or relocation. Although serviced accommodation is primarily occupied by business executives, they are also available to the general public.

Serviced accommodation units offer facilities much like an apartment hotel but provides more space, convenience and privacy. They have private cooking facilities, sometimes a kitchenette but sometimes a full-size kitchen with dishwasher and washing machine, living and sleeping areas that are larger than most standard rooms, and often having access to gyms, restaurants, meeting space, concierges and other hotel-like services.

# Serviced Accommodation

The term 'serviced accommodation' is an Americanism imported to describe the whole of the SA phenomena that has been a feature of the UK property development market for the last 10 years.

Before SA the UK had three distinct forms of SA:

Traditional Hotels, Guesthouses and Boarding Houses

Apart-Hotels

Holiday Lets.

However since SA has become more attractive to investors the lines have blurred and many interpretations of the same use have been postulated.

The UK vs  
The USA



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# Serviced Accommodation

The Greater London Council (General Powers) Act 1973 started a sequence of control which sought to limit the extent that Serviced Accommodation could operate within the Capital. In section 25 (provision of temporary sleeping accommodation to constitute material change of use) the government legislated that where a dwelling was used as, what was then called temporary sleeping accommodation, would constitute a change of use out of dwellinghouse and into something else! The something else was not specified.

Under the GLC(GP) Act 1973 Homeowners letting their home for a period of more than 90 days used to require specific planning consent from their local councils.

## The Legal Position

## The Legal Position

# Serviced Accommodation

The Deregulation Act 2015 changed this position by amending section 25 of the previous act:

(1) Despite section 25(1), the use as temporary sleeping accommodation of any residential premises in Greater London does not involve a material change of use if two conditions are met.

(2) The first is that the sum of—

(a) the number of nights of use as temporary sleeping accommodation, and

(b) the number of nights (if any) of each previous use of the premises as temporary sleeping accommodation in the same calendar year, does not exceed ninety.

(3) The second is that, in respect of each night which falls to be counted under subsection (2)(a)—

(a) the person who provided the sleeping accommodation for the night was liable to pay council tax under Part 1 of the Local Government Finance Act 1992 in respect of the premises, or

(b) where more than one person provided the sleeping accommodation for the night, at least one of those persons was liable to pay council tax under Part 1 of that Act in respect of the premises.

# Serviced Accommodation

If you are living in London and thinking about opening your home to guests on Airbnb, booking.com or any other of the platforms for SA, you will have heard the '90 Day Rule'.

From January 2017, Airbnb automatically limits the availability of 'entire home' listings in the Greater London area to 90 nights per calendar year.

Simply put, if you live in London and put up your whole home on Airbnb, you are allowed to have guests stay for a maximum of 90 nights a year – Airbnb even has a handy 'nights booked' counter so that you can see how many nights you have left. Once you have reached your limit, Airbnb will automatically close your calendar for the rest of the dates in that year, and guests will not be able to stay in your home unless their booking dates fall within the next calendar year.

Other platforms are not so open about the 90 Day Rule however breach of the rule results in a breach of planning control which may have an effect to mortgage terms and your business going forward.

## The 90 Day Rule



## Where Does SA Fit in the Use Classes Order?

# Serviced Accommodation

Different Council's still take different views on SA. As recently as October 2019 Oxford City Council took the view that SA was a material change of use after 140 days and was a material change if use to a sui-generis (Unique Use).

In Wales SA is controlled at the Welsh Government Level and is considered a Material Change of use as it is a unique use from day 1.

The London Authorities have the 90 Day Rule

Bournemouth Christchurch and Poole Council's Have an SPD on the subject considering it Sui-Generis from day 1.

Southend Borough Council considers it a Class C1 use from day 1

Cornwall Council considers it a Class C3 use as holiday accommodation.

## The Use Classes Order

# Serviced Accommodation

SA Can fit within one of the available Use Classes and knowing how you operate is important to guide where it fit's.

### C1 Hotels - Hotels, boarding and guest houses where no significant element of care is provided (excludes hostels)

More 'traditional' SA type units fit neatly within the hotel class where the accommodation is more akin to a hotel, where the length of stay is shorter and where in room facilities are naturally limited to exclude cooking facilities. Travelodge fits within this SA type as there is no real on-site catering.

Hall's of Residence for students also fall within C1

### C2 Residential institutions - Residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.

This reflects the 'care home/nursing home' type use where there is organised care. McCarthy and Stone amongst others provide longer term SA for older persons within Class C2.

## The Use Classes Order

# Serviced Accommodation

C3 Dwellinghouses - This class is formed of three parts

C3(a) covers use by a single person or a family (a couple whether married or not, a person related to one another with members of the family of one of the couple to be treated as members of the family of the other), an employer and certain domestic employees (such as an au pair, nanny, nurse, governess, servant, chauffeur, gardener, secretary and personal assistant), a carer and the person receiving the care and a foster parent and foster child

This is where some Council's fit SA. The difficulty with this class is that small self contained SA units that are converted from a large house are taken as dwellings individually and in their own right. The tests for 'what is a dwellinghouse' is set out in law. If your renting a single house outside of London or where the council has exerted special control this is where SA for holiday homes commonly sits.

## The Use Classes Order

# Serviced Accommodation

C3(b) covers up to six people living together as a single household and receiving care e.g. supported housing schemes such as those for people with learning disabilities or mental health problems

C3(b) is commonly used by companies (the corporate let) or by council's providing respite assisted living. This needs a supported housing scheme to back the SA provision.

C3(c) allows for groups of people (up to six) living together as a single household. This allows for those groupings that do not fall within the C4 HMO definition, but which fell within the previous C3 use class, to be provided for i.e. a small religious community may fall into this section as could a homeowner who is living with a lodger

This Class is for a community type of SA such as a monastery, convent or similar. This is also where the Homeowner and Lodger principle of SA arises from.

## The Use Classes Order

# Serviced Accommodation

C4 Houses in multiple occupation - Small shared houses occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen or bathroom.

Small HMO's are well known and well understood (see our guide on HMO's). SA fits neatly within this class if the tenants are on AST's rather than licences and the length of stay is greater than 6 months.

### Sui Generis

Certain uses do not fall within any use class and are considered 'sui generis'. Such uses include: larger houses in multiple occupation, hostels providing no significant element of care and SA units where the you or the council consider it does not fit within any of the above.

## The Use Classes Order

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# Serviced Accommodation

Where do you  
fit?

In such decisions the council will often default to the 'reasonable person test', otherwise known as the 'clapham omnibus test'. This hypothetical legal test revolves around the question of what does a reasonable person think and is a good practice to initially judge what a use would be.

To assist the following checklist below is set out to help

- C1 - Short Term (less than a month stay)
- C2- Provision of Nursing Care
- Hostel (SG) - Between a month and 5 months stay
- C3a - Holiday Lets to a Single Family (Council Specific)
- C3b - Assisted Living
- C3c - Single Lodger or Religious Community
- C4 - HMO (more than 6 months stay) - No more than 6 people
- SG HMO - More than 6 people
- SG - Serviced Accommodation (none of the above)



## Working with the Council.

# Serviced Accommodation

## The best offence is a good defence?

SA's often have a reputation with Council's especially where they have caused harm in the past. When working with a Council it is best not to appear combative or try to game the system because SA's may fall within a grey area.

It is best to establish with your council what their individual policy is (if they have one) or agree a way forward that would be applied across their area.



## Licensing

# Serviced Accommodation

As part of the government's wider commitment to improving standards in the private rented sector they consulted on extending the scope of mandatory licensing. On 1 October 2018, The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 will come into force which extends mandatory licensing by revoking the existing regulations and creating a broader description of HMOs to which mandatory licensing applies. It is estimated that the extension will bring around 160,000 properties within the scope of the mandatory licensing regime.

### The New Definition for Mandatory Licensing

The new definition removes the 3-storey requirement which means that a HMO will fall within the mandatory licensing regime if it:

Is occupied by 5 or more persons;  
Is occupied by persons living in two or more separate households; and  
Meets:

The standard test;  
The self-contained test but is not a purpose-built flat situated in a block comprising 3 or more self-contained flats; or  
The converted buildings test.



## Licensing

# Serviced Accommodation

What types of property will now be included?

### Houses in Multiple Occupation

All HMOs with 5 or more occupiers living in 2 or more households, regardless of the number of storeys, will need to be licensed. Note that there is no requirement for the building to be converted in any way, so a conventional house could fall within scope if it meets the occupancy requirements.

### Flats in Multiple Occupation

The position in relation to flats is rather more complex. Mandatory licensing will not apply to a purpose-built flat in a block with 3 or more self-contained flats. A purpose built flat is a flat that was constructed as a flat as opposed to a flat located in a converted house. Most flats within large purpose-built blocks will therefore fall outside of the scope of mandatory licensing provided there are 3 or more flats in the block. However, purpose-built flats in smaller blocks with up to 2 self-contained flats will fall within mandatory licensing if the occupancy and household requirements are satisfied. This applies regardless of whether the flat is above or below commercial premises.

Each individual HMO is required to be licensed and not the building within which the HMO is situated.

## Running SA

# Serviced Accommodation

Running Serviced Accommodation units should not be taken lightly, it is labour intensive but can be very rewarding. You have to ensure each property is fully furnished and equipped for your guests of all ages.

From the start it's good to know your figures and demand in your chosen area, you will be responsible for all bills and need to decide what your nightly rate will be, it's a good idea to start off with a low nightly rate to get some bookings which in turn should get you some reviews and more bookings. After the first month increase it to what the area will allow. It's also good to understand that your income could be seasonal so look at figures over a 12 month period.

## Running SA

# Serviced Accommodation

One of the most important part of running a unit is to have a great relationship with a couple of local cleaning/housekeeping companies that have a very high standard of cleaning and keen eye for detail when preparing each property. The same applies with a maintenance team who are reliable and willing to be called upon 24/7.

Guest communication is also very important and the start of your relationship with the guest. If you get an enquiry for your property you want to be replying as soon as possible or they will go elsewhere, most portals also monitor your response rate to the guest too.

The aim is for guests to have a home from home experience and in turn leave you a positive review on the booking portals, you really do live and die by the reviews!

## Bibliography

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National Planning Policy Framework

Deregulation Act 2015

Use Classes Order 1987 (As Amended)

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Deregulation Act 2015

Use Classes Order 1987 (As Amended)

The Licensing of Houses in Multiple Occupation (Prescribed Description)  
(England) Order 2018

## About TPX



# Serviced Accommodation

Town Planning Experts is an independent nationwide planning consultancy based in South-East Hampshire.

We have significant knowledge regarding Houses in Multiple Occupation and have been successful in gaining planning permission for our clients or overturning Councils' decisions on appeal.

Our goal is to help clients achieve their aspirations by providing clear, considered and pragmatic advice based on a detailed knowledge of local and national planning policy, and insight into how decisions are made both locally and at appeal. We believe in making town planning simple!

Getting planning permission should be easy and straightforward so that you can concentrate on what is really important to you in your project. We believe that your journey through the planning process should be free and clear of obstacles. That's why we work hard to keep your risks as low as possible.

Not only are we confident in our abilities. We are also confident that you will love our customer experience. We set ourselves apart from others because we go the extra mile. Your experience is important to us so we make sure that there is nothing to trip you up, nothing hidden and nothing taken away. In short, piece of mind.

Whether you are thinking about a scheme, have difficulties in moving it forward or have run into problems with the local authority why not have a chat with us.

## About Matrix



## Serviced Accommodation

With over 20 years combined experience in traditional Property Lettings & Management we can offer you a complete and comprehensive consultancy service for your property business, whether it's property development, traditional lettings, serviced accommodation or a combination of all of them. We are specialists in the areas of investment, property, business development and marketing and can offer advice and practical guidance in all of these fields. We can offer you a full days consultancy on a 1 to 1 basis with the company directors and ongoing support afterwards as and when you need it.





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