



SpareRoom reveals tax break designed to help the housing crisis is actually making things worse

New figures released today by leading flat and house share site SpareRoom, reveal that the Rent a Room Scheme tax threshold increase, introduced in 2016 to encourage more people to let out their spare rooms to lodgers, has actually done more to boost the short term lets market.

The Rent a Room Scheme tax threshold was increased from £4,250 to £7,500 per year on 6th April 2016, following a six-year campaign by SpareRoom, backed by Shelter, Generation Rent and the National Landlords Association. There are around 19 million empty bedrooms in owner-occupied properties in England alone - if just 3% of these (570,000) were let out on a residential basis, it would unlock housing equivalent to a city the size of Liverpool.

Yet the failure to restrict the scheme to residential lets has meant a boost in short term lets rather than residential. According to SpareRoom data, there were 68,604 new lodger adverts in 2017 – 8% lower than the number in 2016 (74,684). This decline, which came on the back of seven years' consecutive growth, continued into 2018, as demonstrated in the table below.

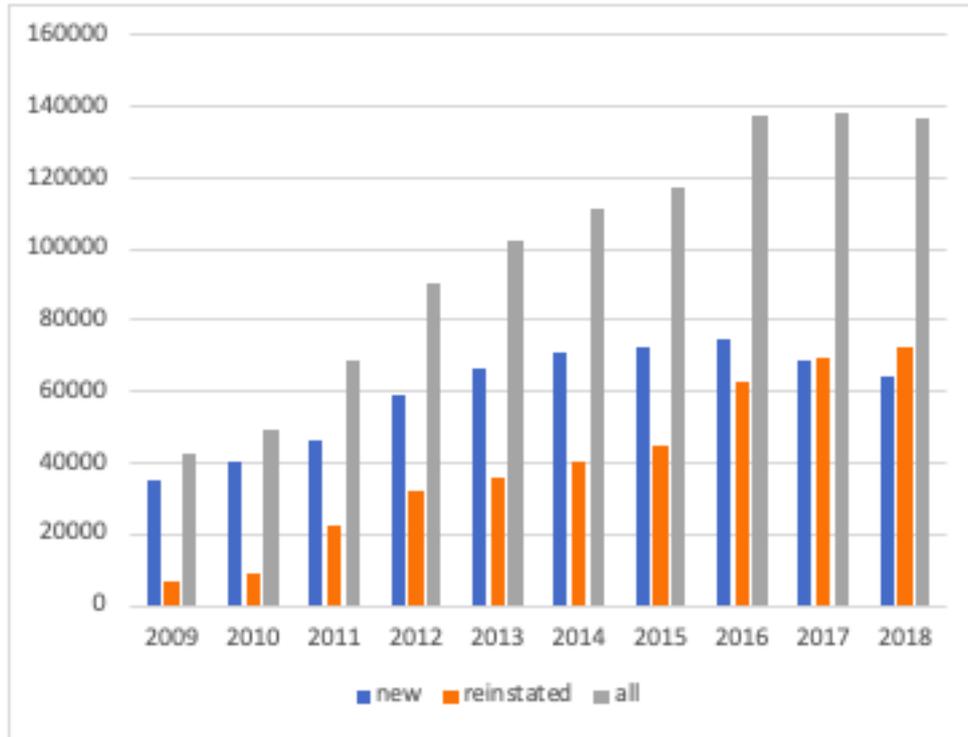
At the same time short term lets via holiday sites like Airbnb have seen a huge spike, rising 200% in ten UK cities between 2015 and 2017¹. In London particularly, there has been a fourfold increase in Airbnb listings since 2015, this reduces residential housing supply and pushes up rents for people looking for long-term homes².

Matt Hutchison, SpareRoom Communications Director, comments: "These figures clearly show that the benefits we hoped to see from the government's Rent a Room Scheme have been undermined by a new surge in short-term rentals. Given the fact we're not building new homes in anywhere near the numbers we should, we have to do more to better use existing stock. The UK has a housing crisis, not a hotel room crisis."

¹ According to the Residential Landlords Association, Airbnb listings in ten UK cities increased by almost 200 per cent between 2015 and 2017 <https://www.citymetric.com/business/regional-english-cities-are-suffering-rise-short-term-rental-services-airbnb-4177>

² <https://www.theguardian.com/technology/2019/may/05/airbnb-homelessness-renting-housing-accommodation-social-policy-cities-travel-leisure>

A chart showing the changes in the number of listings on SpareRoom from homeowners looking for a lodger



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For more information please contact spareroom@cowpr.com or call 020 7234 9150.

About SpareRoom

SpareRoom is the UK's leading flat and house share site with over 9 million registered users. Founded in the UK in 2004, the company expanded into the US market in 2011 and has currently helped over one million people find a room or roommate in the US.

About the Rent a Room Scheme

The Rent a Room Scheme was introduced in 1992 to incentivise individuals to make spare capacity in their homes available for rent, increase the quantity and variety of low-cost rented housing and give more choice to tenants. The threshold was set at £3,250 per year, which was increased in 1997 to £4,250. It then remained unchanged until, following SpareRoom's six-year Raise the Roof campaign, which was backed by Shelter, Generation Rent, The National Landlords Association and The Association of Residential Lettings Agents, then Chancellor George Osborne increased the level to the current £7,500