

Introduction

In the middle of an election campaign, a media story linking a mayoral advisor to multiple Airbnb properties has intensified public concern about the role of short-term rentals in London's housing crisis. In response, the opposition has proposed mandatory registration and higher Council Tax for professional landlords, arguing that Airbnb is "out of control." As requested by the Mayor, this report assesses the scale of professional landlords and properties on Airbnb in London. On that basis, this report further evaluates the likely impacts of the opposition's proposal for residents, landlords, and the city, using data, assumptions, and clear reasoning to inform strategic decisions.

Q3:

How many properties would be affected by the opposition's proposal?

Thinking Process

Directly Affected Properties:

The proposal directly targets professional landlords (PLs). All short-term rental properties they operate would need to be registered and would face a higher Council Tax rate. Introducing mandatory registration would also make it easier to spot PLs' non-compliant activity and remove the illegal properties from short-term rental platforms.

Indirectly Affected Properties (How the Proposal Shapes the Market):

Although the opposition's proposal formally targets only professional landlords (PLs), the required registration and higher Council Tax charges for PLs would change how landlords operate and reshape the rental market in a certain degree. As a result, the number of affected properties will extend well beyond the PL sector itself though the part of indirect affect is difficult to calculate. Broadly, landlords in STR market are likely to respond in two ways: leaving short-term letting or staying in the market but changing their strategy.

A. Listings in the STR market

a) Leaving the Short-Term Rental Market

1. Switching to medium- and long-term renting

As short-term letting becomes less profitable and more costly to operate, some professional landlords are likely to redirect their properties into mid-term or long-term renting. Mid-term lets offer lower regulatory requirements, while long-term lets become comparatively more attractive in high-rent areas. This shift increases the supply available to longer-term tenants, which can ease local housing pressure.

2. Exiting the rental market entirely

Some landlords may decide that operating is no longer worthwhile and choose to sell, move in themselves, or keep the property vacant. This reduces short-term supply, though it does not guarantee an increase in long-term housing.

3. Moving to “off-platform” short-term renting

To avoid registration and taxation, some landlords may shift to informal channels such as WhatsApp groups, Facebook, or local agents. These properties disappear from platform data and make enforcement harder even though the activity continues.

b) Staying in the Short-Term Rental Market

1. Raising prices

Those who continue operating will tend to be higher-capacity, more commercial landlords. With fewer competitors and higher costs, they are likely to increase nightly rates and may cause short-term accommodation less affordable.

2. Non-professional landlords gain an advantage

Because the proposal applies only to PLs, casual hosts face no new registration or tax burdens. Their relative costs fall, and they may expand their presence in the market. The structure of the sector therefore shifts away from commercial operators and toward small-scale hosts.

B. Broader Effects on the Housing Market

The resulting shifts in profitability and compliance costs of the proposal would influence the wider housing market. As professional operators leave or reduce their presence in the short-term sector, more properties may flow into mid-term and long-term renting, increasing supply in those segments. Higher short-term prices and tighter oversight may also deter some owners from entering the STR market in the future, while encouraging others to remain in traditional renting.

However, evidence from New York and other global cities also shows that STRs make up only a small share of the total housing stock. As a result, even large percentage reductions in short-term rentals translate into modest overall effects on city-wide affordability and supply. Similar limitations would apply in London: the proposal may improve conditions in the areas most affected by short-term letting, but it is unlikely to transform the wider housing market on its own.

Q4:

What are the likely pros and cons of the opposition’s proposal? (for the Mayor, for the residents, for the city)

Final answer

For the Mayor:

The opposition's proposal helps the Mayor demonstrate responsiveness and leadership on the highly salient public concern of housing. Secondly, because the proposal targets professional landlords and areas where short-term rental pressures are most concentrated, it can also be presented as a proportionate and targeted intervention which reduces the political cost of decisive action. Besides, the proposal helps shift the conversation away from a personal scandal involving the Mayor's advisor and towards a system-level regulatory challenge. Finally, mandatory registration creates a formal need for platform-held data, which makes it easier to push for structured data-sharing arrangements.

However, to implement this proposal will present several potential risks. Firstly, as the Mayor did not introduce the policy initially, any implementation difficulties or a gap between promises and outcomes will be interpreted as evidence of weak leadership. Additionally, registration and licensing regimes are administratively complex and resource-intensive, which is difficult to deliver at scale. Experience in Scotland shows that delays in processing and limited enforcement capacity can turn the policy from a sign of control into evidence of administrative weakness.

For people:

For professional landlords, stricter regulations might bring more profits to those compliant operators, because guests tend to choose legal accommodations, which incentive professional landlords to adhere to regulations (Boto-García, 2024). It also raises costs for non-compliant multi-listing operators, reducing unfair competition for those who operate within the rules. Meanwhile, higher compliance costs may reduce the relative attractiveness of short-term letting, prompting some properties to return to the long-term rental market. This could expand housing options for residents and, to some extent, improve neighbourhood stability and living conditions.

However, the proposal would significantly increase operating costs for professional landlords. The attempt of passing the additional costs on to guests may cause customer reduction in a competitive market, creating further downward pressure on profitability. The proposal will also result in the loss of secondary income sources for some individuals, such as middle-class hosts renting their holiday properties and young investors letting their buy-to-let properties. These are misidentified as professional landlords. Additionally, In some areas where profits remain high, increased compliance costs may incentivise landlords to move transactions off-platform in order to avoid regulation, which is risky for both hosts and guests by removing both parties from platform safeguards.

For the City:

Firstly, the policy increases data availability and supports clearer enforcement of specific regulatory requirements by enabling more systematic registration. Secondly, the Council Tax can be used to pay for enforcement teams, neighbourhood services or affordable housing programmes thereby strengthening the policy's legitimacy. Thirdly, it helps preserve local specificity in the regulation of rental housing markets. Research suggests that platforms often pursue uniform regulatory standards across

cities to minimise compliance costs. This proposal however helps ground regulation in local contexts and supports data-driven and effective implementation. (Ferreri and Sanyal, 2018).

However, there are several potential obstacles in terms of execution. Firstly, delivery and cost pressures are high. Registration or licensing requires ongoing investment in systems, processing inspections and enforcement (Scottish Government, 2025) and implementation can be constrained by limited capacity and competing priorities (Propertymark, 2024).

Secondly, stricter registration and higher tax treatment may reduce market dynamism by raising entry barriers for new and smaller platforms (Shabrina et al., 2017) slowing the growth of compliant supply and weakening competition over time (Scottish Parliament, 2024). Thirdly, locally tailored regulation in London may create friction with national frameworks. Short-term rentals cut across planning taxation data access and platform accountability which can conflict with more standardised UK-wide systems (Lord and Tewdwr Jones, 2014).

Thinking Process

For the Mayor:

Cons

- a) The proposal allows the opposition to claim policy leadership over the Mayor.
- b) The proposal shapes public perception that “the Mayor failed to regulate Airbnb” and signals that the Mayor is unconcerned and vulnerable on housing governance.
- c) It raises the public’s expectations on the Mayor’s reaction to the proposal and reduces the public’s tolerance for the mayor’s poor performance in implementing policies.
- d) The proposal strengthens the link between the scandal and the Mayor, as well as leads media to question the Mayor.

The opposition’s proposal makes them look like the ones who spotted the problem early and are willing to act decisively on London’s housing pressures. That automatically casts the Mayor as late to recognise the issue, or even unwilling to confront it. It also quietly suggests he has not paid enough attention to the short-term rental market or the wider housing crisis, and raises doubts about his ability to deliver effective solutions.

At the same time, the proposal lifts public expectations: if the Mayor did not come up with a plan first, people will expect him at least to implement this “strong” proposal well. Any difficulties in implementation, or any gap between promises and real outcomes, will then be read as further evidence of weak leadership.

Finally, the proposal reinforces the link between the Mayor’s team and the Airbnb

scandal about perceived misuse of housing, and invites concentrated media criticism that harms his broader political image.

For the residents:

Pros

- a) Greater transparency and oversight of the short-term rental market
- b) A potential easing of pressure on the long-term rental market
- c) Reduced nuisance and improved neighbourhood living environment and stability

Cons

- a) The rental housing supply may not actually improve. (for general)
Professional landlords may respond to higher taxes by: switching to medium-term lets, leaving properties empty, or selling to buyers who do not rent them out.
- b) Higher rents if landlords pass on the extra costs. (for residents who rent)
- c) Possible reduction in affordable tourist accommodation. (for residents who are also travelers)
- d) Risk of uneven enforcement across boroughs. (for landlords)

Residents may benefit from better neighbourhood stability, increased transparency, and a possible slowdown in rent pressures. However, they may also face higher rents, reduced income opportunities, no guaranteed increase in long-term housing supply, and less access to affordable tourist accommodation.

For the city:

Pros

- a) Stronger visibility and governance of the short-term rental market.
Requiring professional landlords to register would give the city much better data on where short-term lets operate and how intensively. This improves regulatory capacity and helps councils spot illegal activity.
- b) Additional fiscal revenue for local councils.
A higher Council Tax on professional landlords creates a new, politically defensible revenue stream. Councils can use this income to fund: enforcement, neighbourhood services, or affordable housing programmes.
- c) Potential reduction in high-density short-term rental clusters
Stricter rules on professional landlords may help stabilise the neighbourhoods that have large STR concentrations and protect long-term residential function.
- d) Clearer regulatory expectations for platforms.

A mandatory registration system can strengthen the city's hand when negotiating data-sharing arrangements with Airbnb and similar platforms.

Cons

- a) Professional landlords may respond to higher taxes by shifting to: ??? medium-term letting, informal or unregistered STR activity, or leaving properties empty. In these cases, long-term rental supply does not improve, and the intended benefits for housing affordability may not materialise.
- b) Possible negative impact on London's tourism economy
- c) Increased administrative and enforcement costs
- d) Risk of uneven enforcement and regulatory fragmentation

Q5

Can the story be reframed as a positive one about social mobility or housing opportunity?

Final Answer

In reviewing the narrative of the scandal, it is important to consider that the individual appears to belong to a middle-income professional group rather than an established capital owner. He may have entered the housing market through mortgage finance rather than inherited wealth and short-term letting may have assisted him in managing mortgage payments and living costs while gradually building assets in London. This context suggests a reinterpretation of the story through the lens of social mobility and housing opportunity.

From a social mobility perspective, shared housing and buy-to-let properties provide rental income which offers young people additional financial resources and greater opportunities to remain in their homes. This enables them to have greater access to urban spaces including more employment and education opportunities and social interactions. For cities, objectively greater financial gains represent the vitality of the city's economy which can attract more and more talent. This is particularly important for large cities such as London, as the London Growth Plan (2025) emphasises "Make sure London remains attractive for the best talent in the world" and "grow a skilled and diverse workforce" and "make housing more affordable".

In terms of housing opportunity, the proposal draws a clear line between genuine sharing and commercial activity. Clearer regulation helps ensure commercial STR develops in a controlled and sustainable way, and higher taxation of commercial operators can generate additional council revenue, which can be reinvested directly into addressing housing pressures.

Thinking Process

The actions of this advisor are unacceptable. Our new policy ensures that no individual, whether an advisor, landlord or investor, can remove an entire house from the system without paying the required share to the city government.

Social mobility:

The story can be reframed to show that by participating in the short-term rental market can supplement residents income. If this opportunity is not obtained, will the opportunity to afford housing (the opportunity to own property in the city center) disappear because of this?

Housing opportunity:

3 aspects commercial, sharing, tax for more opportunities

1. to support residents in their own cities. We provide assistance to those who rent out spare rooms for a living as this is an example of sharing. However, converting the entire front door into a hotel entrance is not social mobility; it constitutes commercial eviction. - positive for professional landlords after regulations
2. A higher Council Tax on professional landlords creates a new, politically defensible revenue stream. Councils can use this income to fund: enforcement, neighbourhood services, or affordable housing programmes.