



## **The AirBnB phenomenon**

*Impact and Opportunities of the Collaborative Economy and  
Disruptive Technologies: how should Edinburgh respond to short-  
term letting?*

This paper is based on the  
Conference organised by the  
Cockburn Association on 14  
March 2018 in the City of  
Edinburgh Methodist Church,  
Nicolson Square, Edinburgh.

## The Cockburn Association is

Edinburgh's Civic Trust. Formed in 1875, it is perhaps the one of the oldest civic amenity organisations in the world. It is a charity registered with the Office of the Scottish Charity Regulator. It is governed by a Council of Trustees, who are all unpaid volunteers. As well as campaigning to protect and enhance the beauty of Edinburgh, the Cockburn Association runs the Annual Doors Open Day programme in Edinburgh each September.

The Association is an independent membership organisation that is not funded by government. Membership of the Association is open to everyone who loves Edinburgh. For more information please contact [admin@cockburnassociation.org.uk](mailto:admin@cockburnassociation.org.uk). The Cockburn is on Facebook and is @thecockburn on Twitter.

This paper was written by Cliff Hague, drawing on presentations and discussions at the 14 March 2018 conference, and some additional materials. It may be reproduced provided the Cockburn Association is acknowledged.

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## Executive Summary

Rising concern in Edinburgh about the impacts of Airbnb and other short-term letting platforms led the Cockburn Association to organise a mini-conference on the theme in March 2018. Although temporary renting out of flats and even whole houses has long been a feature of the city, most notably during the period of the annual Festival, the recent boom in short-term lets has attracted criticism, as has been the case in other tourist cities in Europe and North America.

Airbnb listings are most prominent in the Old and New Towns, Leith Walk and the Western Harbour area. There is a correlation between Airbnb listings and areas with high levels of private renting. High returns, a favourable tax regime, limited regulation and legislative changes impacting adversely on landlords offering traditional long tenancies are factors driving change, along with the capacity of the internet to connect multiple providers and consumers.

Tourism is a key sector of Scotland's and Edinburgh's economy, and the strategy is focused on growth. Short, self-catering lets can increase the supply of accommodation.

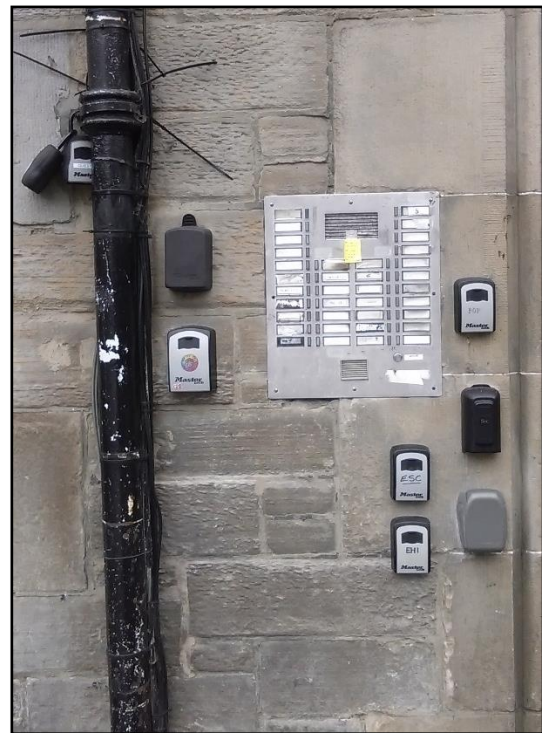
Local authorities have powers to deal with nuisance and anti-social behaviour that may arise from short-term lets, and very few complaints have been registered in Edinburgh in recent years. However, the experience of people living in tenement stairs where flats have been converted to Airbnb (or similar) is that problems can be endemic, even if a complaint is not registered.

There are concerns that the stock of available and affordable housing is being reduced, and that the character of the Old Town in particular is being changed. The burden of managing the stair in a tenement becomes more onerous and falls on the diminishing number of permanent residents. Since many short-lets are in older properties, this constitutes a long term threat to the fabric of Edinburgh. There are also concerns that

commercial lets may not be paying proper rates and taxes.

Licensing options could include a registration scheme, or there could be "negative licensing" under which all properties would be registered and eligible to do short-lets, but the council would have power to remove problem properties from the register, or a "full licensing system" in which granting a license would take account of the suitability of the property and of the landlord. There would be powers to suspend, refuse or revoke the licence. Regulation also needs enforcement, and support from the Scottish Government.

The Cockburn Association view is that there needs to be regulation, and in tenements the consent of other residents should be required, along with proof of insurance. Short-term letting of an entire property for more than 90 days a year should be a change of use requiring planning permission. Action is needed now, but longer-term monitoring is also required.



Random key safes in the Grassmarket – a sure sign of a short-term let.

## **A Cause for Concern?**

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Tourism contributes significantly to jobs and wealth in Edinburgh. It helped the city to weather the storm of the 2007-8 financial crisis. It is a competitive and dynamic sector, open to and capitalising on changing technologies and business models.

The growth of budget airlines and the internet have impacted rapidly, quantitatively and qualitatively on Edinburgh's tourism industry. They have boosted demand for short breaks, and for a supply of accommodation, not so much through the traditional bed-and-breakfast model, but rather in short-term lets within flats or other residential properties. This is happening if not in a regulatory vacuum, then in a context of regulatory uncertainty.

Edinburgh, as a capital and a centre of finance, education and administration, requires homes to be available for temporary staff of all levels. There is some evidence to suggest that this specific market is using platforms also used by holiday lets, moving away from the more regulated tenancy model with a typical letting period of 6 months.

The Cockburn Association, as Edinburgh's leading civic organisation, is aware of considerable public concern over the impacts that these sudden changes are having, and about the longer-term implications. The Scottish Expert Advisory Panel on the Collaborative Economy was set up "to make recommendations to Scottish Ministers on how Scotland can position itself to take advantage of the opportunities of the collaborative economy and overcome any regulatory, economic and social challenges." (Scottish Expert Advisory Panel on the Collaborative Economy, 2018). Airbnb were represented on the panel, but there was no community representative. However, the report acknowledged that "strong responses" from "some local groups" indicated that in Edinburgh short-term lets were having a negative impact (p.22). The Homes First campaign of the Green Party has claimed that "The growth in short term lets is out of control in Edinburgh" (Scottish Greens, 2018).

More specifically, the Cockburn itself has a concern that Airbnb and its imitators are changing the very essence of our city, and adversely affecting the lives of residents. Uniquely, the whole centre of the capital is an inhabited World Heritage Site. No full impact assessment has been done on the effects of short-lets on communities, local environments, or the housing stock, now or in the near future. Who are the winners and who are the losers? There has been no local public consultation about the benefits and trade-offs.

Therefore, the Cockburn Association took the initiative. The mini-conference sought to bring together researchers and stakeholders to share knowledge and provide a platform for evidence-informed discussion and policy making. This paper summarises and synthesises the contributions, and ends with a considered response from the Cockburn Association addressed to national and local policy makers.

## **Away for the Festival? Let out your property**

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There is nothing particularly new about Edinburgh residents making a bit of money from renting out rooms. Every August since 1947, thousands of people have descended on the capital to enjoy the Festival. This temporary in-migration triggers an out-migration too, as citizens head off on holiday and recoup part of the cost by renting their own place to wanna-be actors, dancers, musicians, technicians or just plain Festival-goers. Without such short-term lets the city probably could not cope with the sheer number of visitors.

Similarly, there have always been Edinburgh households temporarily exiled from their city. Academics head off for sabbatical years in distant parts, people in financial services get transferred temporarily to other offices, and so on. People whose Edinburgh property is a second home have also provided short-term lets. Conversely there are others who arrive

for a spell in Edinburgh, and need a place to rent for a few weeks or months. Specialist agencies have developed to ease such arrangements, and have built a professional reputation around trust and efficiency over a period of years or even decades. These let properties for as little as a night or two, and some provide a very hands-on personalised service to clients.

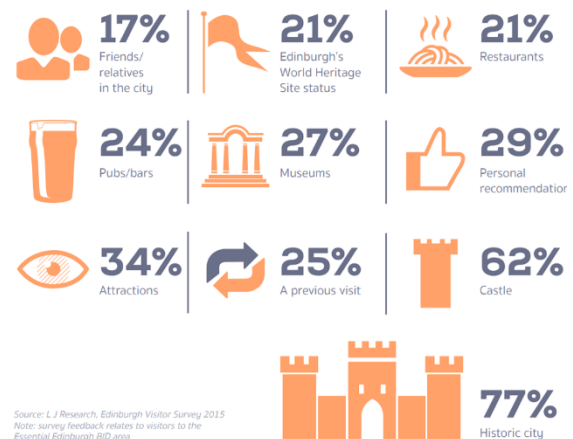
In any discussion about short term letting in Edinburgh, the vital contribution of tourism to the city's economy must be acknowledged. Each year 4.1M visitors spend £1.5 billion here, supporting 34,800 jobs. Hotel occupancy rates are the second highest in Europe, and are expected to reach 82% in 2019, putting Edinburgh at the very top of that table. The Edinburgh Festival, loved as much by residents as by visitors, is second only to the FIFA World Cup as the most attended event on the world.

Edinburgh is also a University City. Of the city's current population of almost 500,000, 20% are students of one type or other. With visiting academics, they have generated a significant need for temporary accommodation. Unlike holiday lets, however, student flats traditionally have been let for at least the academic year, and in many cases the full calendar year as students take advantage of the festival and tourism economy to get a summer job. Although the growth in specific student accommodation has been a relatively recent feature, the use of traditional properties for "digs" is almost as old as the University.

Clearly, there is a demand for short-term accommodation, and satisfying that demand is important for jobs and livelihoods in the city. However, the rapid emergence of a new type of short-term letting has also provoked anger and anxiety amongst some on "the front line". These tensions set the context for the conference and this paper.



**A Tourist City: Crowds on the High Street during the Festivals**



**Reasons why people visit Edinburgh (LJ Research; Edinburgh Visitor Survey)**



**Tenement in Old Town – 4 years ago, 7 of 8 flats were owner-occupied; now only one is, with 6 operated as short-term holiday lets.**

## CONFERENCE DISCUSSIONS:

### A precis of presentations, reflections and comment

#### The Airbnb phenomenon

**Emeritus Professor Cliff Hague**, Chair of the Cockburn Association, opened the conference with a presentation entitled, “The sharing economy, disruptive technologies and short-term lets”. He sketched the origins of Airbnb. Joe Gebbia and Brian Chesky, young graduates from the Rhode Island School of Design were living in San Francisco in 2007, and struggling to pay their rent. When a big design conference came to town they grasped the opportunity to rent out three airbeds on the floor of their living room, and cook breakfast for their guests. Next day they set up a website, and soon recruited a computer science graduate, Nathan Blecharczyk, to work on it. Airbnb was born (Salter, 2012).

The business boomed and quickly went global. It also spawned imitators. By 2017 Airbnb alone was worth £1M a day to the Scottish economy. It helped create the concept of the “sharing economy”, which has been defined as ““The sharing of underutilised assets, monetised or not, in ways that improve efficiency, sustainability and community.” (Rinne, 2017).

#### The Platform Business Model - A Disruptive Technology

**Cliff Hague** explained how the basis of Airbnb, and a growing number of other businesses, is the platform. It is a business model that creates value by facilitating exchanges between two or more interdependent groups, which are usually consumers and producers. The platform is the intermediary: it does not own the assets (Indigo House, 2017). The global reach of the internet has made it possible to create large, scalable networks of users and resources that can be accessed on demand.

Such models are by no means restricted to short-term letting of properties. Uber is

another well-known example. Furthermore, such businesses are expected to continue to grow. In the UK alone, the activity of sharing platforms is expected to expand at over 30% each year over the next decade, facilitating £140 billion worth of transactions per year by 2025 (PwC, 2016).

The platform is just one example of the disruptive technologies that are being targeted at the management of cities. A disruptive technology is one that displaces an established technology by creating new ways of doing things, and new business models. The Chairman of the ARUP Group has argued that “The sharing economy is making cities redefine land-use strategies, minimize their costs, optimize public assets and collaborate with other actors (for-profits, non-profits, social enterprises, communities and other cities) in developing policies and frameworks that encourage continued innovation in this area.” (Hodkinson, 2017).

Businesses have recognised the huge opportunities that urban areas offer. Cities are concentrations of consumers and assets, many of which are under-utilised at any point in time. Those who can connect supply and demand, and monetise assets that were not previously commodities, can reap huge rewards.

Austerity further fuels this process. People are hooked into “hyper consumption”, as the desire for short breaks and urban tourism is now well embedded in our culture, and made attainable by budget airlines offering cheap flights. Yet austerity following the 2007-8 financial crisis has seen incomes stalled and pension rights reduced. This “perfect storm” has created a new demand for more “affordable” tourist accommodation (or taxis), and a new set of suppliers who want to supplement their earnings or pensions.



Political economy and technology have intertwined to drive urban change.

Thus short-term lets can be seen as a win-win in hard times: income for providers; reduced costs to consumers; monetarization of idle assets; and even the nurturing of new micro-entrepreneurs, some of whom may morph into more substantial enterprises. What's not to like? Will the current boom in short-term lets in Edinburgh and similar cities continue at its present rate, plateau out, or fall back?

### **International concern and reaction**

**Emeritus Professor Douglas Robertson**, from Stirling University, has co-authored a Scottish Government scoping report on the supply and demand of short term lets in Scotland (Indigo House, 2017). His presentation "Managing the Collaborative Economy: the rise of short-tem letting in Edinburgh and Beyond" reviewed attempts in a number of cities to regulate short-term lets, largely in response to concerns that they had a negative impact on local housing markets and caused a nuisance to neighbours.

The issue has been particularly contentious in Barcelona, where regulation was first introduced in 2002. Legislation allows whole flats to be rented out, but not separate rooms. Crucially, a licence must be obtained, and there are about 10,000 licences now. Any advertisement of a short-let property has to include its official registration number. There may be further restrictions on the spatial pattern of such lets through the planning system and some neighbourhoods have banned them altogether.

Paris is Airbnb's most popular holiday destination, with around 40,000 properties listed. Again the city authorities have felt it necessary to regulate the industry, particularly in the case of apartments that were specifically created to be short-term lets. As in Barcelona, registration is required, and unregistered letting can incur a fine of up to 25,000 Euros. There is a ceiling of 120 days per year set on letting. Exceeding that limit requires a change of use to a "commercial property". Like many

non-UK cities, Paris levies a tourist tax. Airbnb is expected to collect the same rate as hotels, and there is a 20-strong team to ensure enforcement.

"In May 2016 Berlin announced that it was banning city residents from renting out their flats to tourists through Airbnb. This move was justified on the basis of the city's acute housing shortages, recent unprecedented population growth and marked changes in Europe's housing system following the financial crisis of 2008" (Indigo House, 2017). The Airbnb Berlin listings fell by 40% in 2016. However, a court case the following year ruled that a resident could rent out entire premises for up to 182 days a year, and a case in 2016 had ruled that permits should be given for people renting out second homes in the city (Hague, 2017).

Amsterdam has taken a less heavy handed approach. The municipal authorities reached agreement with Airbnb, which sees the company collect the tourist tax for the city, and to make potential hosts aware of all the rules and regulations that they must comply with. There is a limit of 60 days per year, and a condition that there must be no complaints from neighbours.

In Canada, Wachsmuth et.al. (2017) report that Airbnb has been growing rapidly in central parts of Vancouver, Toronto and Montreal. Just 10% of hosts collect a majority of the income generated. "Many neighbourhoods—above all in Montreal—have seen two or three percent of their entire housing stock converted to de facto hotels." Toronto and Vancouver have proposed limiting short-term rentals to the principal residence.

Meanwhile, in January 2018, San Francisco introduced tighter restrictions, requiring registration of properties (for a fee of \$250) and imposing fines of up to \$1000 a day for those violating the law. The city passed laws in 2014 to limit home rentals by absent tenants to 90 days per year, though owners can rent them year-round if they live there (Dent, 2018).

In 2016 New York State legislated against short-term lets. Fines start at \$1,000 for advertising illegal short-term listings on sites like Airbnb (Bockmann, 2017).

These examples amply demonstrate the way in which the platform business model has indeed disrupted not just the hotel industry, but also housing markets and neighbourhoods, as well as posing challenges to would-be regulators.

## The Edinburgh market

**Douglas Robertson** provided data on the growth of short-lets in Edinburgh. The diversity of forms of short-letting make data gathering and analysis difficult. However, the research for the Indigo House (2017) report, noted that in 2017 the City of Edinburgh Council identified 6,273 properties in Edinburgh listed through Airbnb from January 2012 to July 2016. Of these, 3,432 (54.7%) were for entire properties, of which 2,043 (59.5%) were available for over 90 days a year. However, the Indigo House analysis found 2,851 entire home Airbnb listings in Edinburgh in 2016 alone. Indigo House found that the Airbnb listings were most prominent in the Old and New Towns, Leith Walk and the Western Harbour area. There is a correlation between Airbnb listings and areas with high levels of private renting. It is no surprise to find that Edinburgh dominates the supply of Airbnb rentals within Scotland, and within Edinburgh flats dominate whole houses on Airbnb.

In all, Indigo House calculated that entire home listings accounted for 1.4% of the total private occupied housing stock. However, **Louise Dickins**, whose company ([www.dickins.co.uk](http://www.dickins.co.uk)) lets short-term accommodation in Edinburgh, presented "The Proprietor's Perspective". She argued that housing shortages in Paris, Madrid and Barcelona are because the cities are not building housing stock in accordance with demand. She said that it was wrong to blame short-term rentals for housing shortages when councils like Edinburgh were failing to deliver the numbers in their five-year housing programme.

Indigo House also undertook research to tease out key drivers of change and feelings about the trajectory. Consultees identified three key supply drivers:

- the high potential for investment return in high demand areas, combined with
- lack of regulation in the short stay compared to the residential sector, or commercial short-stay sector, and
- the changes to the residential tax regime, providing tax breaks on income from short-lets.

**Louise Dickins** identified a further important reason why many traditional landlords are moving from long-term rental to short-term rental. "The list of regulations associated with longer-term letting grows year on year, taxation has increased and is putting landlords off the market," she said. "In July 2017 applications for buy-to-let mortgages had fallen by 50%. Now in Scotland, the inability to 'get rid of' a tenant as part of the Private Residential Tenancy Agreement legislation brought in December 2017 has exacerbated this." Thus, she concluded, "the Scottish Government have themselves shifted the market towards short lettings."

In Edinburgh, Indigo House found that "While letting out rooms and lodging is generally accepted by consultees as beneficial, it is the scale of growth in the entire flat short-let 'informal' market, and potential impact on the long term residential accommodation which is of concern."

**John Donnelly**, CEO of Marketing Edinburgh gave a presentation titled "*Residents and Visitors: In search of quality and comfort – good life vs attractive destination*". He highlighted aspects of Edinburgh's strategy to "manage success". It includes targeting ways to increase growth in spending by tourists rather than growing tourist numbers; boosting numbers during the off-season (primarily January and February) and so making more efficient use of resources; investment in staff development and training; making use of big

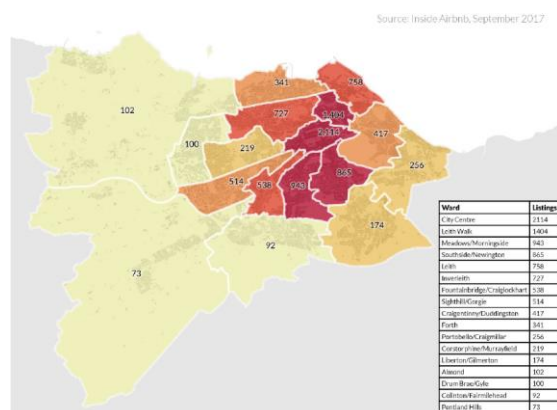


data; and working with Edinburgh World Heritage.

**Louise Dickins** also pointed to the economic benefits. Self-catering supports 2,500 jobs in Edinburgh. A recent study by Association of Scottish Self Caterers identified 1,671 properties in Edinburgh and the Lothians representing 424,785 visitor nights (396,217 to non-locals) and £87.7M direct visit spend. Edinburgh's Tourism Strategy 'Edinburgh 2020' wants to increase visits to the city by one third. Short-term letting plays a significant and important part in making that happen.

## Local Experience

**Douglas Robertson** presented findings from Rae (2017) on the spatial pattern of Airbnb in Edinburgh, see Fig 1.



**Fig 1: The Geography of Airbnb in Edinburgh (Rae, 2017).**

**Andrew Mitchell**, Regulatory Services Manager for the City of Edinburgh Council, observed that as there is no requirement to register as a short-let provider, the total number of properties cannot be verified. However, he provided some data that he had sourced from Airbnb:

- 41% of Airbnb's Scottish hosts are in Edinburgh;
- 51% of stays (411,000) are in Edinburgh;
- 55% rent an entire home;
- 53% are rented for less than 30 days a year, but 21% for more than 90 days.

**Louise Dickins** said that the typical Scottish host on Airbnb shares their home for just 38

nights a year. She explained how consumer behaviour has changed over the previous 5 years. "Visitors want an authentic experience, whether it is in the Highlands, or Edinburgh City Centre. They want to 'live like a local'. Airbnb understand this sentiment and has targeted this new behaviour in their latest advertising campaign: 'Don't go there. Live there'."

**Rosemary Mann** has lived in the Old Town for 40 years and brought a resident's perspective to the issues. "For a long time my stair stayed residential with only one flat out of eight having what we then called short-term lets: 6-month tenancies. Locally and professionally managed, this let was no problem" she noted.

Then the advent of holiday lets in the last decade changed things dramatically. She quoted data from Rae (2017): in the Leith ward, there is one Airbnb listing for every 34 residents, one for every 23 for Leith Walk and one for every 37 for Meadows/Morningside. But in the City Centre ward, there is one Airbnb listing for every 11 residents. In Rosemary's own stair she was now the only owner-occupier left, and 6 of the 8 flats had become short-lets through Airbnb or similar agencies.

Data from the Association of Scotland's Self-Caterers ([www.assc.co.uk](http://www.assc.co.uk)) showed that the Edinburgh City Council received only 10 complaints about anti-social behaviour in short-term lets in 2015/16, and has powers to deal with such nuisance. Part 7 of the Antisocial Behaviour etc. (Scotland) Act 2004 enables local authorities to serve an Antisocial Behaviour Notice on a private landlord when an occupant or visitor engages in antisocial behavior at, or in the locality, of the property. The Scottish Government introduced the Antisocial Behaviour Notices (Houses Used for Holiday Purposes) (Scotland) Order 2011 that granted local authorities the power to deal specifically with the problem of antisocial behaviour in properties let for holiday use. Orders can be served on the landlord. Only three properties in Edinburgh have been closed down since 2015, suggesting that the scale of the problem is minimal.

**Louise Dickins** quoted the Minister, Keith Stewart, “Local authorities have quite comprehensive powers to deal with antisocial behaviour and noise nuisance; I expect them to use those powers effectively...I challenge local authorities to consider using it [Order 2011] and other antisocial behaviour powers, as well as the powers in relation to noise and environmental health that are currently at their disposal... The powers may not be being applied properly, which might be the difficulty in all this”.

In addition, the ASSC has produced a Code of Conduct for short-term let operators to encourage best practice, and help strike an appropriate balance between accommodating tourists and the needs of residents.

However, **Rosemary Mann** recounted her own experience: “You get rubbish bags or laundry bags left by cleaners. You meet suit-cases being bumped up and down stairs by visitors despairingly looking for the ‘elevator’ in an 1860s Old Town tenement, which leads to the stair walls being bashed and scraped.” She continued, “There are fewer residents to take heed of slipped slates and blocked gutters, vegetation growing on masonry and damp patches, and peeling masonry paint. The burden of maintenance falls on fewer people, if not financially, then managerially: there might be just one owner-occupier or long-term tenant to organise routine inspections and repairs. Worse yet, there might be no long-term resident so nobody looking at the common areas of roof and walls, which will result in the decay of the fabric of the housing stock.” Since many short-lets are in older properties, this constitutes a long term threat to the fabric of the Old Town or similar areas.

## Regulation

**Andrew Mitchell's** presentation “*Regulating Short Term Lets*” identified five concerns.

These were:

1. The impact on housing supply, though data on this is limited;
2. Erosion of community;
3. Unsuitability for tenement properties;

4. Noise and antisocial behaviour;
5. Commercial lets are not paying Rates or other Council charges.

Like some of the other speakers, he noted the lack of any statutory definition of short-term or holiday lets, and the problems of providing one, given the diversity of arrangements that can occur. He also noted the impact on online peer to peer platforms, of which Airbnb is just the best known example. In turn their growth has spawned a set of supporting enterprises providing ancillary services such as house cleaning to absent owners.

Regulation of this growing sector is unclear at present, and the city council has limited powers. As properties are not necessarily “main residences”, no licensing or registration is required. If the use of the property were deemed to have changed from residential to commercial, then planning permission would be required.

However, **Louise Dickins** noted that the Association of Scottish Self Caterers had sought legal opinion on the requirement for planning permission for self-catering units which suggested that no planning permission is required, as the use remains residential. **Cliff Hague** pointed out that Glasgow has issued Supplementary Planning Guidance stating that “Where a flat is used frequently for short-stay accommodation there is likely to be a material change of use”. However, he also noted that enforcement under the planning legislation can be a slow process and could be seen as expensive in terms of human resources to the planning authority. Further clarity on this issue will be required.

Enforcement is widely felt to be a weak link in planning as austerity has bitten into budgets. Meanwhile, in England, the Deregulation Act 2015, s44 had removed the requirement for planning permission for change of use when letting a property in Greater London. It allowed individuals to let property in which they were the council tax payer for periods of less than 90 consecutive nights provided that the short lets,

in aggregate, did not exceed 90 nights in any one year.

In addition, the European Commission has struck a generally supportive tone towards Airbnb and similar platforms, arguing that they are good for business and growth, and that restrictions should only be applied as a last resort (Hague, 2017).

**Andrew Mitchell** said that if a trade or business is deemed to be operating, then Trading Standards and Environmental Health legislation could apply. Furthermore, the Antisocial Behaviour Notices (Houses Used for Holiday Purposes) (Scotland) Order 2011, could be invoked to address nuisance. In practice, however, there are disincentives to home owners to go down that route, because of the friction it can cause and the adverse impact it can have if they seek to sell their flat. Also, although this has been suggested already as a potential remedy, the Council's experience is that it is an unsatisfactory and complex process. He cited two cases, which took over 15 months and £20,000 in legal costs to successful resolve.

During 2017 Edinburgh's elected members raised concerns in the Council, leading to officers writing to the Scottish Government to seek a new category in planning under the Use Classes Order for Short Term Lets, and/or new licensing or registration powers. The "planning route" would amend planning legislation to classify Short Stay Commercial Visitor Accommodation let for 90 days or more per calendar year as a commercial business, and so requiring planning permission for a change of use from residential. The other options would be either to amend existing legislation in respect of rented accommodation or bring forward legislative proposals for a licensing/registration scheme for Short Stay Commercial Visitor Accommodation let for 90 days or more per calendar year.

Mr. Mitchell explained the licensing options. There could be a registration scheme, such as already operates for private landlords; or there could be "negative licensing" under which all

properties would be registered and eligible to do short-lets, but the council would have power to "ban" or "remove from the register" properties where e.g. landlord had proved not fit or the property was poorly managed. Finally a "full licensing system" would require would-be short-letters to get a license in advance, and decisions on granting such a license would take account of the suitability of the property and of the landlord. There would be powers to suspend, refuse or revoke the licence.

Others argue for forms of self-regulation. These could involve the platform providers giving stronger messages to hosts and guests about acceptable operation and behaviour, or even a setting and enforcing a Code of Conduct for accommodation providers. There could be a complaints procedure for the Council to raise concern about problem landlords. Restriction on total number of days accommodation let is also possible: Airbnb recently suggested that 90 Days plus the August and Christmas / New Year Festivals would be a possibility, though others responded by saying that in total this would amount to almost 5 months.

**Andrew Mitchell** argued that this might be a pragmatic way forward. While some would feel that stronger measures are needed, self-regulation is accepted as good practice, and statutory powers may be months or even years away. Self-regulation could provide some immediate benefits to residents suffering at the moment, and could resolve some low level complaints, freeing resources to be targeted at core problems. As well as supporting responsible businesses, it could help build an evidence base to inform future regulation.

## What next?

**Andrew Mitchell** outlined what might now follow. The Council continues to discuss internally how the various options could be taken forward, and meetings are expected with trade representatives. As much depends on powers being granted by Holyrood, there will be engagement with Scottish Government officials, and Ministers need to be lobbied. Self-regulation appears the most promising

short-term route, and further research is needed.

**Louise Dickens**, while arguing that the market will reach equilibrium, also pointed to the need for better information. The 54% increase from July 2016 to September 2017 in Edinburgh properties listed on Airbnb (Rae, 2017) begged a number of questions:

- How many of those hosts are new to the industry?
- How many are letting their primary residence out for a week or so a year while they are on holiday?
- How many are renting a room in their home?
- How many are letting out entire properties on a commercial basis, 365 days a year?
- How many are traditional operators who now use Airbnb as an additional route to market?

She also suggested some practical measures that could be beneficial:

- All owners, and /or their agents should have to register with their local authority and give a phone number which is accessible 24 hours a day, so they can be contacted in the event of anti-social behaviour and for common repairs.
- Ban key safes on tenement buildings apart from instances where carers need them to access a home.
- Tell Airbnb that if they want to operate in Edinburgh, they'll need to have a portal where owners need to upload all the relevant safety certificates and that without those certificates, the property cannot be advertised.
- Ban the use of cash in hand cleaners etc.

#### **PostScript Note:**

##### **Appeal decision on Change of Use**

The Planning and Environmental Appeals Division issued a decision on 2 March 2016 in connection with an appeal against an enforcement notice served on property in Edinburgh to stop using a flat for short term lets (ref: ENA-230-2107). It noted that whilst the development plan has no direct policy on short term holiday lets, Policy HOU8 resists changes of use that have a material detrimental effect on residential amenity.

The Reporter found that the high density and layout (a typical tenemental property) with shared spaces, when measured against the nature of the business (e.g. frequent turnovers) indicated a pattern of use dissimilar to that of a permanent resident. In this specific instance, whilst that there were few complaints about antisocial behaviour, and the flat itself was presented as a normal residential property, the protection of residential amenity was a more powerful factor.

The Reporter felt that whilst a commercial leisure apartment was not defined in legislation, the use for short-term visitor accommodation could broadly be defined as “leisure” and therefore a Class 11: Assembly and Leisure use. As such, a Change of Use application was required.

The appeal against the enforcement notice was therefore dismissed.

This decision sets a baseline for the issue of whether or not a Change of Use has occurred if a whole property is used for short-term holiday accommodation.



## The Cockburn's View: An Imperative Need to License and Regulate

It is clear that the short-term letting industry is unregulated, with few real controls. It is clear that, in parts of Edinburgh, the proliferation of "AirBnB" is having a significant impact on resident amenity and community cohesion. Finally, it is clear that short-term letting is important and needed, both for tourism purposes but also wider business support.

There is some evidence of displacement from the assured tenancy market with the introduction of new regulations. However, the scale and medium-term impact is unclear.

The Cockburn Association believes that effective regulation is now an imperative, and is required as a matter of urgency.

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**Short-term lets must be regulated.** The evidence shows that this is the position adopted by other major tourist cities. Without regulation, there is a risk that the character and demography of areas of Edinburgh will be changed to the detriment of the qualities that make the city special, and without the approval of residents.

**Regulation needs to be put in place urgently.** Though more information is needed on the components of the dramatic increase revealed by Rae (2017) in properties listed on Airbnb, it seems beyond doubt that not only is change taking place, but the rate of change is rapid and the scale is significant. Market equilibrium is not instant or constant. The time to act is now.

**A system of licensing offers the most pragmatic way forward.** The recent and relatively recent licensing and regulation regimes for landlords and for Houses in Multiple Occupation provide a point of reference. The Scottish Government should address the issues revealed in this report and

set a regulatory framework. The Housing Act could be amended through secondary legislation or statutory instrument to provide the licensing powers. **Speed is the key**, because the need is now, so whichever route is fastest should be pursued.

**Proof of insurance permitting short-term letting should be part of the licensing regime, except for detached properties.** In addition, other safety certifications should be required, consistent with a standard Short Assured Tenancy. These measures would provide reasonable protection for all parties.

**In tenement properties, consent from a majority of owners (excluding the proposer) should be required before a licence is granted.** Tenements are special habitats: their care, maintenance and occupancy are vital to the environmental, social and economic sustainability of Scottish cities, and, in turn, this requires mutual tolerance amongst those in the tenement.

**The Use Classes Order should be amended to remove ambiguity, while providing a proportionate response.** Short-term letting of an entire residential unit for more than 90 days in a calendar year, regardless of the platform or agency used, should be deemed to be commercial use, requiring planning permission. This would allow the "sharing" idea as originally conceived to operate without the need for planning permission.

**Monitoring is needed.** In particular, the impacts of the measures proposed here need to be assessed, and the findings should influence a review within a two year period.

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## Conference Speakers

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### **Professor Douglas Robertson**

“Managing the Collaborative Economy: the rise of short-term letting in Edinburgh and beyond”

Co-author of a Scottish Government scoping report on the supply and demand of short term lets in Scotland. Professor Robertson’s research expertise focuses on sociological understanding of place, belonging and identity and examining how these influence society in relation to social and housing policies.

### **Professor Cliff Hague OBE**

“An introduction to issues: Sharing & disruptive technologies and short term lets”

Academic, Town Planner, freelance consultant and researcher. Former Chairman of the Built Environment Forum Scotland, Past President of the Royal Town Planning Institute and President of the [Commonwealth Association of Planners](#) (Secretary-General 2006 -10) and is current Chair of the Cockburn Association. In 2011, he chaired the Commonwealth expert group on urbanisation. He is a Patron of Planning Aid Scotland.

### **Louise Dickins**

“The Proprietor’s Perspective”

Managing Director of Dickins Edinburgh Ltd in 1998 with the vision of matching Festival visitors to beautiful Edinburgh properties. After university, she moved to Hong Kong where she qualified as a chartered surveyor whilst working for Vigers, after which she set up and ran a successful art business, Dickins & Rigg. Louise has worked in property in Edinburgh since 1995.

### **John Donnelly**

“Residents and visitors – in search of quality and comfort: Good Life vs Attractive Destination?”

CEO of Marketing Edinburgh, an agency that promotes Edinburgh globally as an outstanding place in which to live, work, study, visit and invest. He is owner of John P Donnelly & Associates, a consultancy focused on integrated brand activation and holds/has held director and Board positions with Edinburgh Tourism Action Group, Edinburgh Chamber of Commerce, Essential Edinburgh and Best Cities Global Alliance.

### **Ms Rosemary Mann**

“Residential amenity and community - impacts and problems”

Old Town resident, heritage administrator & activist and former Brewer. Rosemary is the Secretary of The Mansfield Traquair Trust, formed in 1993 in response to public concern about the deterioration of the condition of the former Catholic Apostolic Church in Mansfield Place. She is a member of the Old Town Association, and a longstanding resident in the Old Town of Edinburgh, where she has lived for over 3 decades.

### **Andrew Mitchell**

“Regulatory issues and challenges in Edinburgh”

Qualified Trading Standards Officer. He is the Regulatory Services Senior Manager for the City of Edinburgh Council with responsibilities including Trading Standards, Environmental Health and Licensing functions. He is responsible for the Council’s functions in relation to regulating and providing support to the private rented housing sector. He led the Council’s short life working group on short term accommodation, and previously as Community Safety Manager was heavily involved in a similar exercise regarding so-called ‘Party Flats’.

