

Short term lets in Scotland

Topic briefing

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Key points:

- Shelter Scotland has **concerns about the growing prevalence of short term 'holiday' lets** in some areas of Scotland. These are shared by other organisations, communities and political parties across the country.
- Over the last few years, there has been **an increase** in the number of short term lets in both rural and urban Scotland.
- Shelter Scotland has no objection to the fundamental business model of short term letting, but we are concerned about the impact of this growth on a number of areas of life.
- Scotland is in a housing crisis: gripped by rising rents and a lack of housing availability, this crisis could be worsened by a growing short-term-letting climate.
- Shelter Scotland **supports calls for greater regulation in short term letting**, to ensure this doesn't negatively impact a household's housing options or Scotland's communities.
- It is important to remember that regulation will only go some way in tackling this crisis. This is a problem of a lack of homes. In order to really alleviate the housing crisis in Scotland, **we need to build more homes**.

What are short term lets?

Shelter Scotland defines short term lets as online business models, like Airbnb, which offer accommodation up to a 6-month period. Short term lets were intended to give people greater flexibility, and the experience of “living as a local” when visiting a town or city. The idea was to allow people to rent out spare rooms in their homes as part of a wider sharing economy. However, today over half of short term lets are being marketed as an entire property rather than a spare room.

Background

This briefing will largely focus on the impact short term letting is having on the availability and affordability of housing. Shelter Scotland is aware of complaints that short term lets are impacting long term residents and communities, through noise, erosion of communities and the effect on the supply of affordable housing. This is not just a Scottish issue but a UK wide problem, which remains unregulated.

Some areas are affected much more by this than others, namely those with high tourist numbers. This is a particular problem in city centre tenements, which many argue are not designed to cater for regular comings and goings of guests. Complaints range from the maintenance of communal stairs, which are largely left to the long term residents to manage as opposed to absent landlords, to excessive noise, as well as the loss of a sense of community in areas which once housed long term tenants.

Evidence also suggests that the growth of short term lets is having an adverse effect on the housing stock available to those looking for a permanent home, this chronic lack of choice is pushing rents up. There is a fear that some would-be private landlords choose to move to the short-term letting market in the hope this will be more lucrative. Scotland is in the grip of a housing crisis, there is already a shortage of housing. If short term lets continue to grow at their current rate, and building stagnates, this crisis will grow too.

There is growing political attention around this issue. In 2017 the Scottish Greens launched their Homes First Campaign, which has claimed that the growth in short term lets is out of control in Edinburgh, and of increasing concern across Scotland¹. The Scottish Greens claim that this growth is causing distress to residents and communities.

The housing crisis in Scotland

Scotland does not have enough homes to meet demand.

- Shelter Scotland, CIH Scotland and SFHA commissioned research into affordable housing supply in 2016. This investigation found that an affordable housing requirement in Scotland of 12,014 dwellings per annum over five years would be needed to begin tackling a shortage of homes. With a further 17% growth in households expected between 2012 and 2037, we need more homes built long past 2021 to ensure this crisis ends².

¹ Scottish Greens (2018) [Homes First Campaign Briefing](#)

² Shelter Scotland, CIH Scotland, SFHA (2016) [Affordable Housing Need in Scotland](#)

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- In 2016 the Scottish Government made the biggest housing supply commitment that Scotland has seen since the 1970s – 50,000 affordable homes built over the lifetime of the parliament (35,000 for social rent)³. Shelter Scotland welcomes this significant step, but there is still a long way to go to tackle the housing crisis in Scotland.
 - The City of Edinburgh and Aberdeen City are projected to grow significantly over the 25-year period, by 40 per cent and 36 per cent respectively. This housing shortage risks being exacerbated by a growth in the short term letting sector.

Last year, “struggling to pay or afford housing costs” was cited as the main reason people came to Shelter Scotland for help⁴. An increase in short term lets could negatively impact households’ ability to afford their home. The average house price in Scotland went up by 75% between 2003 and 2013, and the private rented sector (PRS) is currently the only growing tenure in Scotland (housing 15% of Scottish households), with around 1 in 4 households renting privately being families with children⁵.

We know that rents in the PRS are increasing; 15 out of 18 areas of Scotland saw increases in average 2-bedroom private rent levels between 2016 and 2017. These regional trends combine to show a 4.4% increase in average 2-bedroom monthly rents at a Scotland level from £616 in 2016 to £643 in 2017⁶.

While the prevalence of short term lets cannot be held solely accountable for this increase, we are generally concerned that due to a number of circumstances, Scotland’s towns and cities are becoming increasingly unaffordable.

The growth of short term lets in Scotland

Shelter Scotland is aware of concerns from some communities over the last few years where a seemingly disproportionate number of local properties are being made available for short term let, which have the potential to limit access to affordable housing more generally. Due to limited data in this area, it is difficult to establish a detailed picture on the impact that short term lets are having on the availability and affordability of housing in Scotland.

Tourism is growing in Scotland, and predictions expect tourist arrivals to increase dramatically over the next 10-15 years. Airbnb – who provide the majority of short term lets in Scotland (5% of all tourist accommodation in 2016) – have provided information on their listings across Scotland⁷:

- As of 1 July 2017, there were 21,900 Airbnb hosts in Scotland. 9,000 (41%) of those were located in Edinburgh. This is a staggering increase of almost 50% on the year before, where there were 6,300 hosts in the capital in July 2016.

³ Shelter Scotland (2018) [Living Home Standard](#)

⁴ Shelter Scotland (2018) [Impact Report 2017/18](#)

⁵ Scottish Government (2017); [Scottish Household Survey](#)

⁶ Scottish Government (2017) [Private Sector Rent Statistics](#)

⁷ Scottish Government (2018) [Expert Advisory Panel on the Collaborative Economy Report](#)

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- The 5 locations with the most listings are: Edinburgh City, Highlands, Glasgow City, Argyll & Bute, Fife.
 - Of the total listings, 55% were renting an entire home, 43% a room. This shows that short term letting is no longer part of a wider “sharing economy” as was said to be the case – properties are now being rented whole, suggesting a direct impact is a reduction of housing stock.

This is a problem affecting housing supply in both rural and urban communities. Data shows that in Edinburgh city centre ward, there is one Airbnb listing for every 11 residents⁸. In Highland it is claimed that short term lets issue have always been an issue. There is no evidence to suggest that recent online letting platforms are adding to this issue – it is just a different mechanism for advertising.

Impact of short term lets on the availability of housing

It is very difficult to track how much residential housing (either owner occupied or for private rent) has been transferred to short term letting. However, evidence suggests that this may be having a negative impact on the housing market in some areas⁹ with a displacement of residential accommodation to short let accommodation. There is agreement across the sector that the growing trend has an adverse effect on the supply of housing, particularly in places like Edinburgh where demand already exceeds supply.

Evidence shows that there are 53 residents to each Airbnb let in Edinburgh. This concentration surpasses other cities; London, New York, Berlin and Barcelona.¹⁰ The figure is almost four times greater than that of London, where there is an Airbnb listing for every 160 residents.

With more owners looking to Airbnb and other short term letting options, rather than renting properties longer term, or selling, households are being left with limited options when finding a home. This could lead to some households taking on tenancies they cannot afford due to a lack of choice, this will push people into financial difficulty, and could increase the risk of homelessness.

Regulation of short term lets across the world

This is not just a concern in Scotland – Airbnb is having an impact on communities and housing supply across the world. At present, Scotland nor the UK has regulation in place for short term lets when compared to other cities. There is opportunity here for us to learn from other countries;

- Barcelona: Regulation introduced in 2002 means that only entire properties can be listed on Airbnb, as opposed to separate rooms. A licence is also required, which must be stated on all adverts.

⁸ Rae (2017) [Analysis of short-term lets data for Edinburgh](#)

⁹ Indigo House (2017) [Scoping research on supply and demand for short term lets in Scotland](#)

¹⁰ Edinburgh City Council (2018) http://www.edinburgh.gov.uk/download/meetings/id/57232/item_83_-_edinburgh_transient_visitor_levy

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- Paris: A 120-day cap is in place in the city.
 - Berlin: A ban was initially imposed on short term lets, in response to the city's housing shortage. This was overturned following a court case, there is now a 182-day cap.
 - Amsterdam: Airbnb reached an agreement with the city that they would manage the collection of the tourist tax through the platform. There is also a 60-day cap in the city.
 - San Francisco: Registration is required, alongside a 90-day cap.

There is an appetite for greater regulation of short term lets in Scotland. In October, the Planning Bill (Scotland) was amended requiring all short term lets – rented out as whole properties – to have full planning permission¹¹. Individual local authorities would then determine whether or not permission should be granted. Whether this amendment, made at Stage 2 of the Bill process, will remain in the Bill is yet to be seen. But this has the potential to limit the number of short term lets in Scotland and demonstrates that there is strong support for legislative change on the extent of short term lets.

Recommendations for Scotland

In Scotland, there is no regulatory framework either nationally or locally for regulating short term letting mechanisms such as Airbnb. Councils have powers to deal with noise complaints, but this power is limited. We believe there is evidence and scope to justify limiting the use of Airbnb and other short term lets across Scotland, until more can be understood concerning its impact on communities and housing supply.

1. *Support curbs in local authorities:*

Shelter Scotland supports calls for curbs in certain cities/local authorities where evidence suggests that they are necessary. For example, in Edinburgh, Airbnb has proposed an annual 90-day cap on usage across the city (excluding the Festival and Christmas periods)¹².

2. *Greater regulation/licensing:*

The City of Edinburgh Council set up a working group to address the growth of short term lets in the capital. A recommendation that came out of this group is that the City of Edinburgh Council requests the introduction of a new licensing system from the Scottish Government¹³. Shelter Scotland supports this call for greater regulation to ensure that communities are protected. Regulation has been employed by numerous cities in response to growth in a successful way.

¹¹ Scottish Parliament (2018) [Local Government and Communities Committee Official Report 24th October 2018](#)

¹² Edinburgh City Council (2018) <https://www.edinburghnews.scotsman.com/our-region/edinburgh/new-proposals-to-stop-the-capital-becoming-an-airbnb-ghost-town-1-4777167>

¹³ Edinburgh City Council (2018) <https://www.edinburgh.gov.uk/news/article/2525/recommendations-to-improve-regulation-of-short-term-let-in-districts>

3. *More Housing:*

While regulation can help, this is not a permanent solution. Scotland is in the grip of the worst housing crisis it has seen in decades; the root of which is generations of a lack of affordable house building. We support the Scottish Government's 2016 commitment to build 50,000 affordable homes, but the commitment must not end there. We need commitment to further housebuilding at scale beyond 2021 in line with the evidence of need¹⁴ in order to really tackle Scotland's housing crisis.

Conclusion

We are concerned that an increase in short term lets is exacerbating the existing housing crisis. It is vital that we have enough secure and affordable housing in Scotland. If short term letting continues to grow, this access to affordable housing will be under threat for even more households.

Whether the Planning Bill (Scotland) amendments will remain in the Bill is yet to be seen, but there is no denying that there is strong support for legislative change on the extent of short term lets in Scotland.

Shelter Scotland supports greater regulation on short term letting platforms such as Airbnb, to ensure that communities are protected, and housing supply is not negatively affected as a result of this growth. Shelter Scotland will continue to monitor the situation around short term lets in our fight to ensure that everyone in Scotland has access to a safe, secure and affordable home.

¹⁴ Shelter Scotland, CIH & SFHA (2015) [Affordable Housing Need](#)

Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

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