



Consultation Briefing: Short Term Lets

Background

The 2018/19 Programme for Government made a commitment to ensure that local authorities have the appropriate powers to balance the needs of communities with wider economic and tourism needs. The Scottish Government is now consulting on whether local authorities need any additional powers in relation to short-term lets.

The consultation is open until 19 July and the full document is [available online](#).

It should be noted that there are a number of collaborative online accommodation platforms operating across Scotland but the majority of data on short-term lets relates specifically to Airbnb because of the size of its share in the market and because more data on Airbnb activity is available publicly. Airbnb has also been proactive in sharing data, for example, through its [contribution to the Collaborative Economy report](#).

The impact of short-term lets

Following recommendations of the [Scottish Expert Advisory Panel on the Collaborative Economy](#), a Short-Term Lets Delivery Group was established by the Scottish Government in 2018 to assess the impact of short-term lets - both positive and negative - identify existing powers and whether any further action should be taken by the Scottish Government.

The number of short-term lets in Scotland has grown significantly in recent years and a [2017 Airbnb report](#) showed that there were 21,900 active Airbnb listing across Scotland between July 2016 and July 2017.

The growth of short-term lets has certainly created more flexibility and choice for people visiting Scotland and it is argued that short-term lets support the economy. According to Airbnb, [its community of hosts and guests generated £482.9 million of economic activity in Scotland in 2017](#).

Short-term lets also present an opportunity for people to increase their income by letting out a spare room in their home. This is supported by the UK Government's [Rent a Room Scheme](#) allowing tax free earnings of up to £7,500 per

About this briefing - This is a new type of briefing exclusively for members. These briefings are designed to inform you about current consultations, highlight potential implications for the sector that you might want to consider in your own response and set out CIH Scotland's position.

year to let out furnished accommodation. From 2017/18 a new [tax free allowance of £1,000 each for property and/or trading](#) income was also introduced.

However, negative impacts are also reported and include a high profile campaign led by the [Scottish Green Party](#) and concerns raised by the [City of Edinburgh Council](#). Criticism includes:

- **Antisocial behavior and security issues** - local residents report frequent noisy parties in residential areas and may feel uncomfortable with strangers gaining access to their building or keys being left in lock boxes outside communal stairs.
- **Loss of community** - as more transient tourists replace local residents.
- **Reducing residential supply and increasing rent** - in areas with a high density of short-term lets there are less housing options for residents and may be more competition for homes that do become available.
- **Avoiding regulations and standards that apply to other tenures** - properties may not be maintained to the same standards required in the PRS or other holiday lets.
- **Avoiding contributions to local services** - where a home is available for let for 140 days or more in the financial year it can be classified as self-catering holiday accommodation and becomes exempt from Council Tax and liable for non-domestic rates instead. In some cases, the Small Business Bonus Scheme can be used to claim relief of up to 100%.

The definition of short term lets

There is currently no statutory definition of a short-term let in Scotland. A clear definition would need to be agreed for a new regulatory framework to be applied. The consultation identifies three ways in which homes are being used:

- **Sharing** - when a room or rooms are let out with the host in residence.
- **Swapping** - when a room, rooms or the entire home where the host usually lives



is let out when the host is not in residence. For example, if they are on holiday or staying with friends or family.

- **Secondary letting** – where a room, rooms or the entire home is let out and the property is not where the host usually lives.

It is important to distinguish between these different types of let to ensure that any new regulation is proportionate and does not duplicate existing regulations such as PRS registration and HMO licensing. The consultation suggests a number of conditions and exemptions to be considered in defining short-term lets.

What additional measures are being considered?

The consultation document sets out a number of areas for further exploration but also invites suggestions. Options set out in the consultation include:

- **Planning** – additional powers are already being considered through the Planning (Scotland) Bill.
- **Antisocial Behavior** – a range of powers already exist but can be difficult to enforce due to the transient nature of guests, if the owner cannot be easily identified or if residents are not aware of their rights or how to make a complaint.
- **Safety** – extending some existing measures such as fire safety requirements to ensure the same standards apply to all short-term rental accommodation that is not the owner's primary residence.
- **Non-domestic rates** – The Scottish Government has already taken action to give local authorities discretionary powers relating to the number of days a home needs to be let to be exempt from Council Tax.
- **Income Tax** – tax exemptions are reserved to the UK Government but does more need to be done to ensure hosts are properly declaring all income?
- **Tourist Tax** – the Scottish Government will consult on the principles of a new Tourist Tax later this year including how it might be applied to short-term lets.
- **Registration, licensing and market-based mechanisms** – proposals for the introduction of a national framework providing a range of discretionary powers for local authorities from basic registration, a licensing scheme covering additional measures or market-based mechanisms such as a charge aimed at

controlling the volume of short term lets.

What does this mean for the housing sector?

Restricting the number of short-term lets that are available and/or changing how they are managed would help to ensure that local residents are not disadvantaged or priced out of their communities.

The proposals at this stage are quite high level and it is not clear how some of the proposed measures would be enforced or how this would be resourced. While some proposals are for discretionary powers and local authorities could decide how to make use of these to best meet local priorities, others such as safety standards would need to be applied across all accommodation.

The CIH Scotland Position

We recognise that short term lets can play a vital role in supporting tourism and the economy across Scotland but the sheer scale of the industry and the impact that it is having on some communities warrants urgent attention.

The UK Housing Review published by CIH in April 2019 highlighted [that the scale of short term lets is not just impacting on Scotland's cities but on rural areas as well](#) where there may already be significant shortages of affordable homes exacerbated by a high volume of more traditional holiday accommodation and second homes.

Introducing a clear definition of short term lets will be essential to ensure any changes are both enforceable and proportionate and that those managing properties and their guests are aware of their obligations and rights. We strongly support the proposal to extend safety standards – every home in Scotland should be safe and secure regardless of tenure.

Have your say

CIH Scotland will be developing a response to this consultation. If you would like to contribute to the response, please send your feedback to scotland.contact@cih.org



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