



Short-Term Letting and The Housing Crisis



Association of
Scotland's Self-Caterers

Supporting self-catering in Scotland

Introduction

Contrary to the current media narrative, short-term lets in recent times, the self-catering and short-term letting sector has been used as a convenient scapegoat for longstanding failures in housing policy. However, the challenges facing Scotland are far more multifaceted than the existence and growth of short-term and holiday lets alone.

There have been concerns raised over the impact of increasing tourism and the growth of short-term lets on the housing market, particularly on some communities within City of Edinburgh Council and Highland Council areas. In response, the Scottish Government has recently announced proposals to regulate short-term lets, including the introduction of a licensing regime.

In taking forward measures to regulate the sector, the Association of Scotland's Self-Caterers argue that any policies must be based on accurate, reliable and empirical data. That has always guided our approach, from the written evidence submitted to the Scottish Expert Advisory Panel on the Collaborative Economy, through to our evidence supplied to the recent short-term lets consultation.

The ASSC welcomes the opportunity to share data about the holiday and short-term let sector which we believe will contribute to a more informed conversation about the appropriate regulatory framework. We are committed to creating an environment for the responsible growth of the short-term letting sector in Scotland and we hope that you find this information useful.

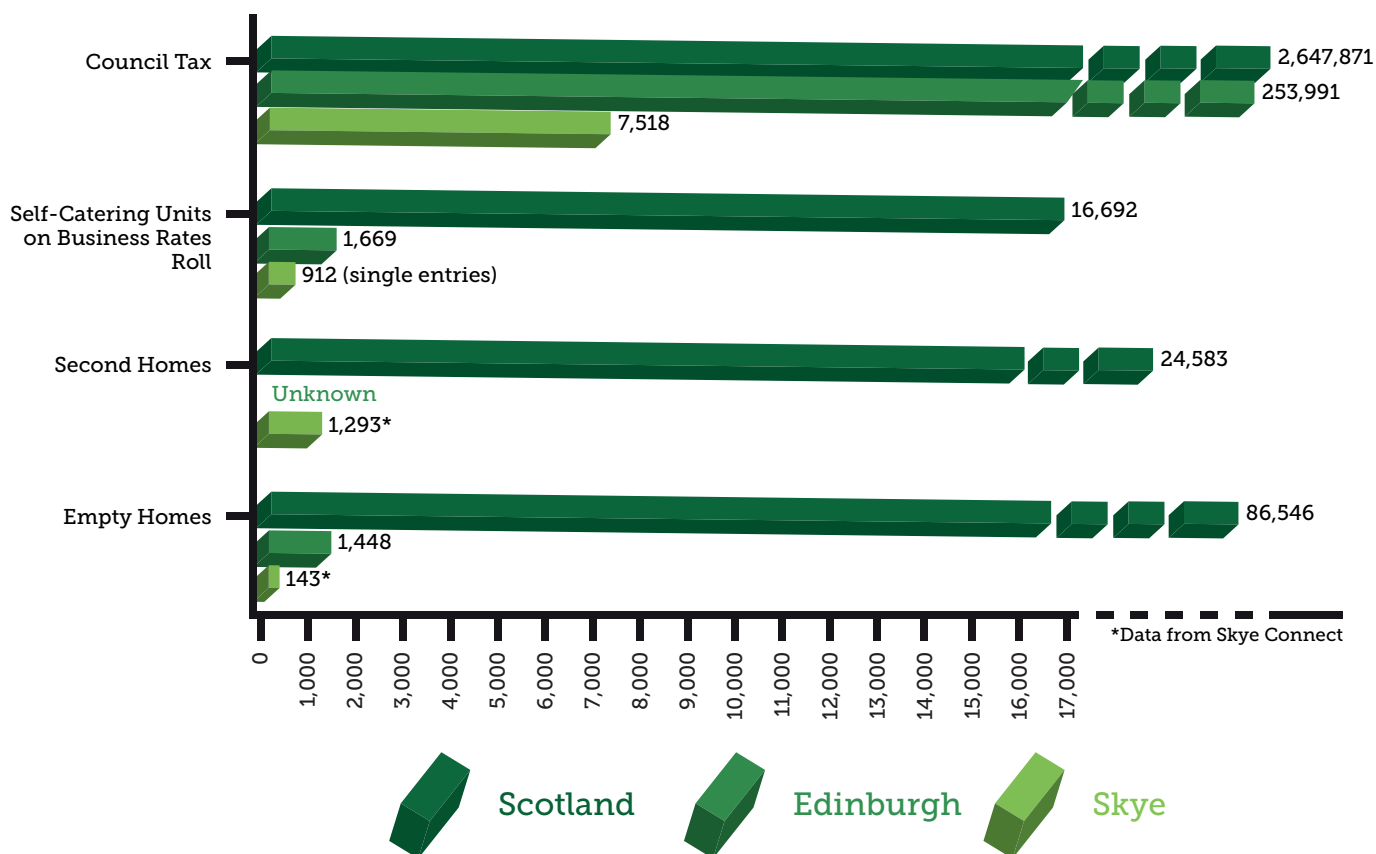
To take one example, back in 2018, the ASSC commissioned Frontline Consultants – a specialist research agency – to obtain more evidence about the short-term letting sector and its impact across Scotland.¹ This continued the ASSC's commitment to ensuring that the most accurate and reliable data is used to inform decision-making on short-term lets, an important part of Scotland's tourist economy.

This new paper builds on that commitment, ensuring that housing challenges are viewed in a balanced and holistic context, highlighting the following:

- The number of self-catering units registered on the Business Rates Roll in two key areas: Edinburgh and Skye.
- Data from Airbnb, the industry leader in terms of accommodation platforms in Scotland, which provides background on their number of listings.
- Information on the number of second and empty homes in Scotland.

¹ Frontline/ASSC., Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland A report by Frontline for The Association of Scotland's Self-Caterers (June 2018). Url: <https://www.assc.co.uk/wp-content/uploads/2018/06/MoreThanJustHouses.pdf>

Council Tax / Self-Catering Units



Edinburgh:

High level Council Tax statistics show that there are 253,991 Council Tax entries² in Edinburgh.

There are 1,669 Self-Catering Units registered on the Business Rates Roll.³

Skye & Lochalsh:

Council Tax entries 7,518

SCU entries single 912

SCU entries multiple 30 (holiday chalets)

Robert Shepherd, Assistant Assessor and Electoral Registration Officer, Highland & Western Isles Valuation Joint Board, January 2020

Skye Data

According to research by SkyeConnect in 2019, the total dwelling stock in Skye and Lochalsh is 7,103 of which 5,746 are permanently occupied. It is estimated that 17.2% of the dwellings are second/holiday homes and vacant dwellings account for 1.9% of the stock. There are 1089 social rented stock and 438 applications held on the housing lists. It is projected that an additional

350 housing units of all tenures are required by 2022.

There is high demand for affordable rented housing. The housing list and transfer list of The Highland Housing Register (HHR) for Skye and Lochalsh contains more than 400 applicants consistently throughout the year. Approximately 19% (85) of Council and Association re-lets occur each year. Access to home ownership is difficult due to high prices, high living costs and relatively low incomes.

The abolition of the priority need test and the requirement to provide settled accommodation for homeless applicants presents significant challenges on Skye & Raasay. There is growing evidence that private rented sector solutions may be constrained by the considerable recent increase in properties being used for tourism purposes and by the new requirements of the Private Residential Tenancy legislation which may deter private owners from making properties available for homelessness purposes

There is a lack of supported accommodation for frail older people, people with mental illness, vulnerable homeless people, people recovering from substance abuse and young people.

SkyeConnect, in association with Lochalsh and Skye Housing Assn, 2019

² Url: https://www.saa.gov.uk/general-statistics/?REPORT_NAME=ct_band-report_list

³ Url: https://www.saa.gov.uk/search/?SEARCHED=1&ST=advanced&SEARCH_TABLE=valuation_roll_cpsplit&TYPE_FLAG=C&STREET=&TPTLA=Edinburgh&POSTCODE=&ASSESSOR_ID=lothian&CLASS=&CORE=SELF+CATERING&CORE2=Self+catering&FEFFECTIVE_DATE=&TEFFECTIVE_DATE=&MIN_RV=0&MAX_RV=5000&AS_UARN=&DISPLAY_COUNT=10#results

Airbnb Data

As part of the platform's global commitment to transparency with local governments, Airbnb's submission to Scottish Government Consultation into Short-Term Lets included data about Airbnb's economic impact and host and guest community in Scotland, including that:

- There are 35,000 listings on Airbnb across Scotland
- Entire homes in Scotland listed on the Airbnb platform account for less than 1 percent of local housing stock
- 84 percent of host accounts in Scotland have one listing on the platform
- 51 percent of hosts in Edinburgh said they used the income from hosting on Airbnb to make ends meet
- 77 percent of guests who stayed with Airbnb in Scotland said they use the platform for a more local, authentic experience.

While guests using Airbnb accounted for just 3% of visitors to Scotland, the Airbnb community boosted the Scottish economy by over £693 million in 2018.

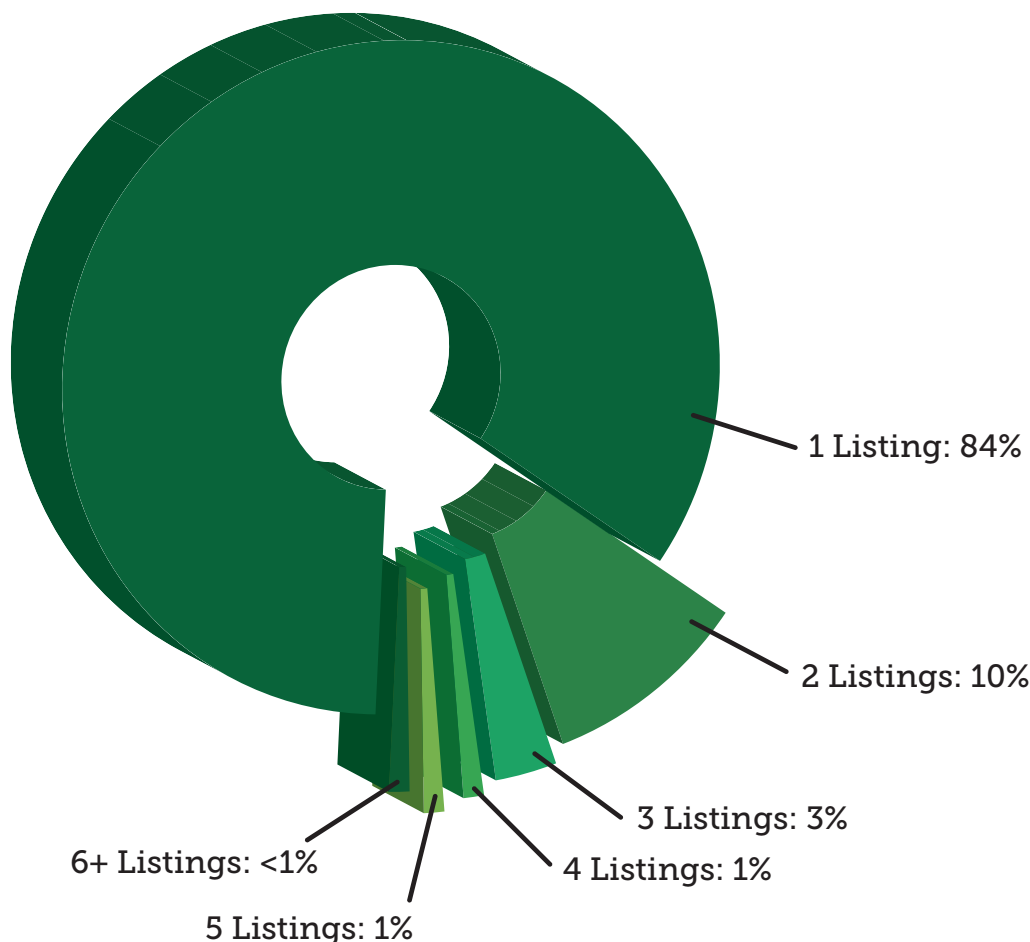
Most hosts on Airbnb in Scotland are ordinary people who want – for a variety of reasons – to use their space to host visitors and generate some extra income. Hosts

have told us this income typically helps contribute to their household costs, to passions and interests, and to support themselves and their families in small but very meaningful ways over and above their existing employment or business income.

- The vast majority (84 percent) of host accounts in Scotland have one listing on the platform, with 94 percent of hosts sharing space in one or two homes. The proportion of hosts with one or two listings on the platform (compared to hosts with three or more listings) has increased since we last provided evidence in 2017.
- **Host accounts with multiple listings are in the absolute minority of our platform. Hosts accounts with more than five properties account for just 1 percent of our total host community in Scotland.** These are typically more traditional commercial holiday letting businesses and hotels who are reaching new consumers by using Airbnb in addition to their usual marketing channels.
- Almost 80 percent of hosts surveyed in Scotland said they had no plans to change the number of listings on Airbnb in the next year.

Number of hosts accounts per number of listings in Scotland

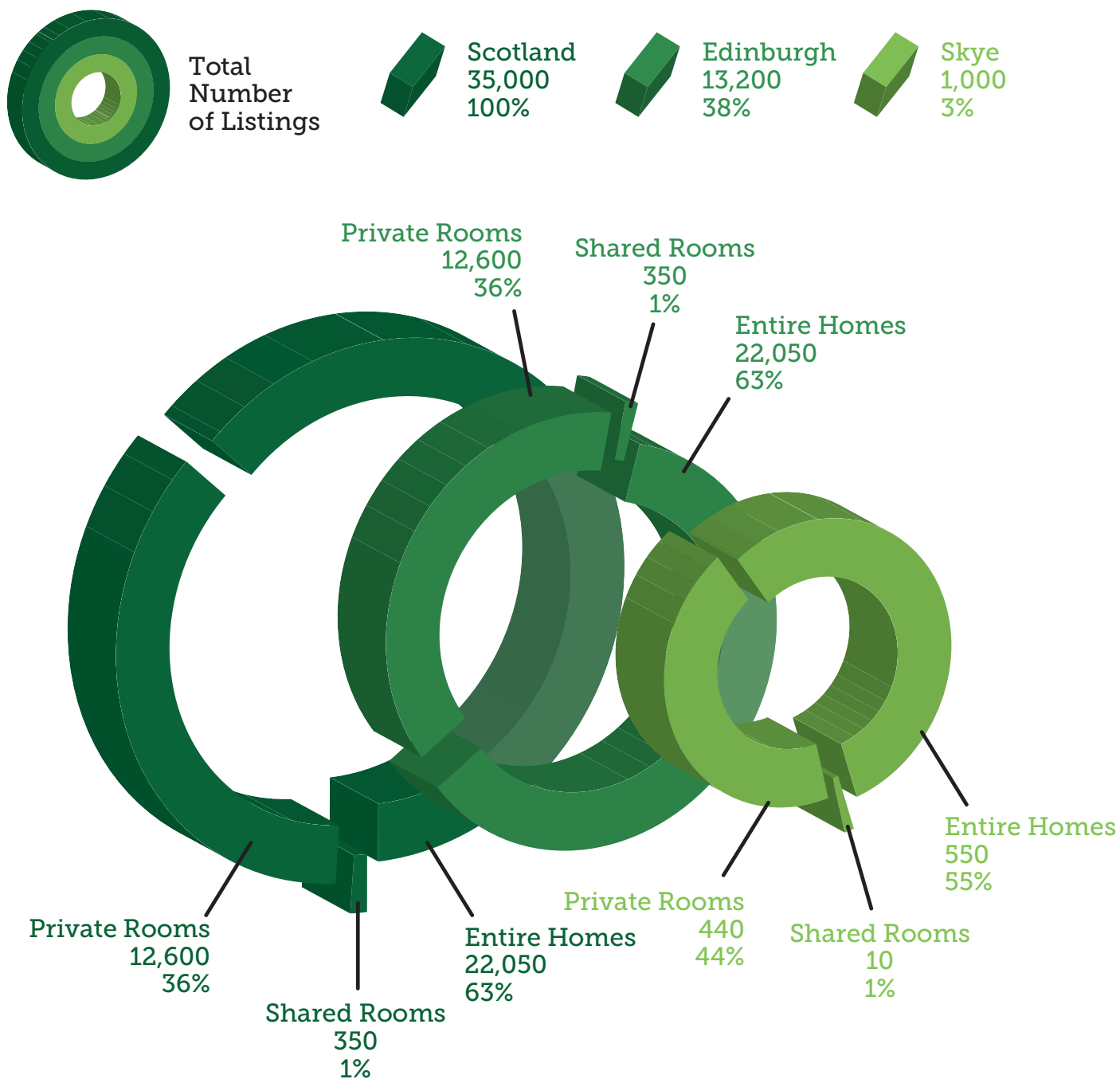
(as of 1st January 2019 in Scotland)



For absolute clarity, a single property may relate to more than one listing. For instance, some hosts choose to offer both their home as an entire home when they are away, and also offer a private room (or rooms) when they are there. This would result in that host's account displaying more than one listing on the Airbnb website. Equally, a host who appears to have multiple listings may be managing these on behalf of individual home-sharers who have only one listing each. There are a number of management companies who offer services to individual hosts, such as check-in, cleaning and account management, so while that business may be

commercially motivated, the underlying listings may still be primary homes rented occasionally. This is one of the main reasons why attempts to "scrape" the data from our platform often result in misleading conclusions.

- As of January 1st 2019, there are 35,000 active listings across Scotland, out of a total 255,700 in the UK.
- The majority (63 percent) of listings in Scotland are entire homes. However, a large percentage (36 percent) of listings in Scotland are spare rooms.

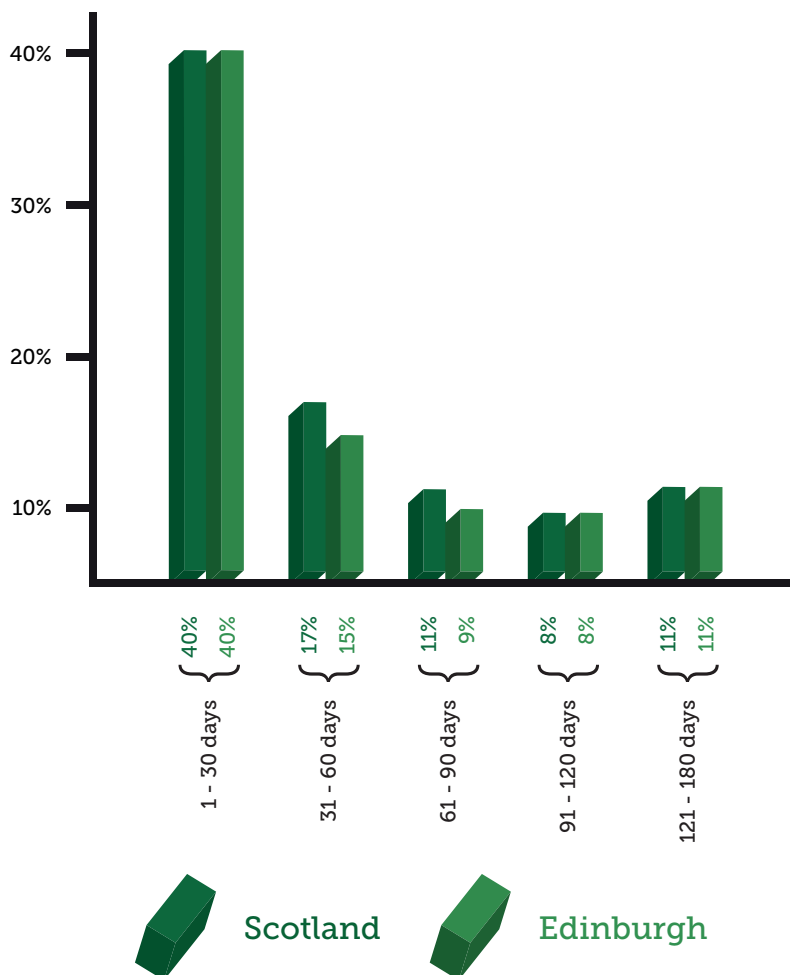


On 1st January 2019, there were 13,200 listings on Airbnb in Edinburgh. 61% are entire homes, 38% are private rooms and 1% are shared rooms. 40% of all listings hosted for under 30 days per annum. 15% under 60 days. 37% over 90 days and just 18% over 180 days. 51 percent of hosts in Edinburgh have said they used the income from hosting on Airbnb to make ends meet. The Isle of Skye has 1,000 listings on Airbnb, 44% of

which are private rooms and 52% of all listings are booked for under 90 nights a year. As a historic holiday destination, many listings on Skye are classed as traditional hospitality such as B&Bs and holiday homes. Airbnb guest arrivals only make up 3% of the total tourism arrivals to the Isle of Skye, meaning 97% of guest arrivals are from other accommodation providers or day visitors.⁴

Listings by nights booked

(as of 1st January 2019 in Scotland)



On 1st January 2019, there were 13,200 listings on Airbnb in Edinburgh. 61% are entire homes, 38% are private rooms and 1% are shared rooms. 40% of all listings hosted for under 30 days per annum. 15% under 60 days. 37% over 90 days and just 18% over 180 days. 51 percent of hosts in Edinburgh have said they used the income from hosting on Airbnb to make ends meet.

The Isle of Skye has 1,000 listings on Airbnb, 44% of which are private rooms and 52% of all listings are booked for under 90 nights a year. As a historic holiday destination, many listings on Skye are classed as traditional hospitality such as B&Bs and holiday homes. Airbnb guest arrivals only make up 3% of the total tourism arrivals to the Isle of Skye, meaning 97% of guest arrivals are from other accommodation providers or day visitors.⁴

For many hosts, the flexibility provided by Airbnb works for them. Sharing their space on a short-term basis allows family and friends to visit and to accommodate for busy work schedules. In addition, many hosts have told us they do not have the facilities available to let long-term tenants, they value their privacy and it is costly to find and vet long-term tenants.

- The vast majority of typical listings across Scotland (88 percent) were booked for less than half of the year. A similar pattern is visible in Scotland’s cities - for instance, 40 percent of listings in Edinburgh were booked for fewer than 30 nights
- In Edinburgh, the majority of typical listings on Airbnb are booked for under 90 nights a year (64 percent).

⁴ Airbnb submission to Scottish Government Consultation into Short-Term Lets: Airbnb_ Indigo House Response - November 2019.pdf

Long-Term Empty Properties and Second Homes: Across Scotland Context

Councils classify some properties in their area as long-term empty, unoccupied, or second homes for the purposes of calculating council tax liabilities. These statuses impact on the council tax through exemptions for unoccupied properties, discounts for second homes and some long-term empty properties, or a levy for some long-term empty properties. As a result, information on the numbers of such properties is sourced from council tax statistics. It is collected annually from local authorities and is available for:

- **Unoccupied Exemptions:** generally properties which are empty and unfurnished for less than 6 months and exempt from paying council tax.
- **Long-Term Empty Properties:** properties which have been empty for more than 6 months and are liable for council tax.
- **Second Homes:** homes which are furnished and lived in for at least 25 days in a 12 month period but not as someone's main residence.*

*Trends over time within each of these categories should be interpreted with some caution, given that increases and decreases can be caused in part by reclassification exercises which local authorities carry out from time to time, or issues with management information systems, rather than being real changes in the numbers of properties.

Empty properties are of particular interest as they can help increase the supply of occupied housing in Scotland when brought back into use.

For 2019-20, 25 out of the 32 local authorities have removed the council tax discount on second homes, 6 will retain the 10% discount and in one local authority from 1 October 2019 a second home discount of 10% will only apply for a period of 12 months from the date the property was last occupied as a sole or main residence, following the 12 month period the discount will be removed.

The latest figures, for September 2019, show that there were 24,314 second homes, 45,583 unoccupied exemptions which have generally been empty and unfurnished for less than 6 months, and 40,963 long term empty properties that had been empty for more than 6 months. Of those that had been empty for more than 6 months, around two-thirds (27,146 or 66%) had been empty for over 12 months, and of those 17,546 had a council tax discount below 10% or a council tax increase applied under the new powers described above.⁵

The Scottish Empty Homes Partnership is funded by the

Scottish Government and hosted by Shelter Scotland. SEHP exists to encourage Scotland's privately-owned long-term empty homes back into use. The partnership was formed in 2010, after a review of the private rented sector identified that empty homes can play an important part in meeting Scotland's housing challenges. In 2018/19 1,128 homes were brought back into use across Scotland.⁶

For more information see the *SEHP annual report*⁷

A Housing Officer has only recently been appointed in Edinburgh, after it was revealed almost 1,500 properties have been left vacant in the Capital for more than a year. The council's own analysis shows that 1,448 homes have remained empty for at least 12 months, including 206 in the city centre, 141 in Southside/Newington, 105 in Leith and 103 in Morningside. A total of 548 empty properties have been classed as owing council tax.⁸

Councillor Kate Campbell, Edinburgh's housing, homelessness and fair work convener, said: "We face incredible pressure on housing supply in Edinburgh which is one of the key factors causing high rents. That's why we have committed to building 20,000 affordable homes by 2027, why we've worked so hard to bring about regulation of short term lets and why we are continuing to work on building the case for a rent pressure zone.

"While less than 1% of homes in Edinburgh are empty for more than a year, we still have close to 100 cases where we know vacant properties could be providing safe, warm and much-needed homes. Returning these homes to their proper use will be the priority of our empty homes officer and will be another important tool for increasing the number of homes available for residents to live in."⁹

The Herald reported that "The number of long-term empty properties and second homes in Scotland has risen for the third straight year" on 17th December 2019:

"According to official statistics published by the Scottish Government, the figure rose by 1,260 properties (2%) from 64,017 in September 2018 to 65,277.

"It is the third consecutive annual increase, although the number is 776 (1%) lower than the 66,053 properties recorded at September 2012.

"While there was a rise in the number of long-term empty properties and second homes, the number of new build homes completed rose by 18% in the year to the end of June 2019.

"A total of 21,403 homes were completed in 2019 – 3,210 more than the number of homes completed in 2018.

⁵ Url: <https://www.gov.scot/publications/housing-statistics-scotland-quarterly-update-published-17-december-2019/pages/7/>

⁶ Url: http://scotland.shelter.org.uk/housing_policy/empty_homes/scottish_empty_homes_partnership

⁷ Url: https://1uqnv612hw1j3a0l32274f7k-wpengine.netdna-ssl.com/wp-content/uploads/2019/11/Shelter_Empty_Homes_Annual_Report_1819.pdf

⁸ Url: <https://www.edinburghnews.scotsman.com/news/edinburgh-council-told-get-its-act-together-over-empty-homes-150867>, 21st January

⁹ Url: <https://www.scottishhousingnews.com/article/edinburgh-appoints-empty-homes-officer>

“It is the highest level for completions since 2008”.¹⁰

With over 80,000 empty homes in Scotland compared to 16,692 traditional short-term lets on the business rates roll. That means that there are almost five times as many empty homes in Scotland as there are self-catering units; and in light of this, the ASSC believes that more attention should be given to occupying vacant homes than suggesting self-catering units alone are adversely affecting local housing markets.

The ASSC believes building too few homes and not the impact of the STR market that is the cause of the country’s housing crisis and that decision-makers should focus on its primary drivers: the undersupply of land, the complexity of the planning process, lack of investment and capacity challenges in construction.

- A report was produced in response to the enquiry¹¹

	Second Homes	Empty properties			Unoccupied Exemptions
		6 months or more	12 months or more	12 months or more and where a discount below 10% or an increase has been applied	
SCOTLAND	24,314	40,963	27,146	17,546	45,485
Aberdeen City	905	3,790	1,919	1,181	2,096
Aberdeenshire	1,244	2,975	2,227	1,478	2,718
Angus	439	1,351	1,041	369	1,258
Argyll and Bute	3,131	1,330	707	571	905
Clackmannanshire	50	153	73	61	460
Dumfries and Galloway	1,437	1,773	1,370	1,370	1,455
Dundee City	365	1,209	551	376	1,764
East Ayrshire	132	768	535	530	1,375
East Dunbartonshire	72	225	225	132	420
East Lothian	513	376	241	135	575
East Renfrewshire	67	120	120	0	385
Edinburgh, City of	1,809	5,608	2,972	1,361	3,009
Falkirk	2	774	644	327	1,006
Fife	2,392	2,690	2,007	1,149	2,950
Glasgow City	615	2,751	2,731	1,263	5,526
Highland	3,829	2,107	2,039	1,486	2,001
Inverclyde	121	674	541	462	1,188
Midlothian	55	306	306	132	488
Moray	810	921	549	439	940
Na h-Eileanan Siar	829	553	448	280	664
North Ayrshire	1,538	1,010	459	429	1,188
North Lanarkshire	84	1,637	1,028	609	1,599
Orkney Islands	395	287	0	0	397
Perth and Kinross	1,081	1,308	745	688	1,463
Renfrewshire	164	625	251	192	1,725
Scottish Borders	968	1,443	845	760	1,463
Shetland Islands	165	524	389	0	246
South Ayrshire	473	749	243	243	968
South Lanarkshire	203	1,266	1,099	725	2,707
Stirling	342	589	477	477	710
West Dunbartonshire	2	439	141	98	803
West Lothian	82	632	223	223	1,033

Source: CTAXBASE for each year.

This information was first collected in 2013.

The introduction of discretionary powers in 2013, along with associated improvements in the data held by local authorities, have led to the re- A return of '0' can mean that the local authority was not able to derive the figures from their IT system.

¹⁰ Url: <https://www.heraldsotland.com/news/18106450.rise-number-long-term-empty-properties-second-homes-scotland/>

¹¹ Url: <https://sp-bpr-en-prod-cdnep.azureedge.net/published/LGC/2019/11/10/Empty-Homes-in-Scotland/LGCS052019R10.pdf>

¹² Url: <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/LTemptysecondhomes/EmptySecondhometables>

Long term empty ¹ properties, 2005 - 2019															
	2005	2006	2007	2008	2009	2010	2011	2012	2013 ^a	2014 ^a	2015 ^a	2016 ^a	2017 ^a	2018 ^a	2019 ^a
Scotland	16,313	16,666	20,328	22,784	22,169	24,598	25,366	25,454	27,327	31,884	36,419	35,725	37,135	39,110	40,963
Aberdeen City	626	1,177	1,207	990	909	825	944	849	369	691	2,914	1,896	2,609	2,989	3,790
Aberdeenshire	1,375	1,545	1,541	1,639	1,850	1,980	2,101	2,364	2,392	2,012	1,597	1,992	2,427	2,856	2,975
Angus ²	0	0	18	1,357	1,385	1,449	1,506	1,035	847	726	1,113	1,253	1,184	1,309	1,351
Argyll & Bute	392	573	590	571	578	631	718	759	1,422	1,358	1,385	1,466	1,195	1,277	1,330
Clackmannanshire ³	0	0	0	0	0	0	0	0	0	294	159	127	111	167	153
Dumfries & Galloway	708	686	673	695	765	767	823	904	1,009	1,166	899	1,649	1,643	1,702	1,773
Dundee City	0	0	1,114	942	762	837	570	568	520	599	1,546	1,503	1,389	1,305	1,209
East Ayrshire	425	480	593	523	447	479	486	640	618	735	862	973	861	765	768
East Dunbartonshire	0	173	185	169	233	148	150	119	118	120	164	164	175	213	225
East Lothian ⁴	589	547	560	619	670	341	340	286	413	384	357	364	375	386	376
East Renfrewshire ⁵	241	209	231	240	64	57	73	72	44	28	129	110	125	136	120
Edinburgh, City of	1,239	1,437	2,356	2,393	2,434	2,552	2,244	2,141	2,471	1,770	4,922	4,997	5,046	5,332	5,608
Falkirk	606	355	364	374	386	346	391	384	536	693	639	762	816	794	774
Fife ⁶	669	1,114	722	1,483	599	1,689	1,724	1,657	1,831	4,931	4,063	2,792	2,837	2,914	2,690
Glasgow City	4,571	1,245	1,501	1,740	1,621	1,805	2,153	2,535	2,702	2,685	2,437	2,669	2,844	2,630	2,751
Highland	0	0	999	1,119	1,321	1,345	1,402	1,512	1,322	1,159	624	1,317	1,539	1,857	2,107
Inverclyde	0	802	787	763	784	784	626	597	592	566	613	692	647	623	674
Midlothian ⁴	40	45	53	64	71	309	362	361	413	406	441	358	285	297	306
Moray	638	640	628	753	778	999	1,134	1,141	1,035	911	831	830	867	911	921
Na h-Eileanan Siar	0	224	301	301	298	295	288	258	88	259	291	273	522	507	553
North Ayrshire	0	677	989	1,013	1,043	1,170	1,230	1,285	1,379	1,412	1,349	646	1,049	956	1,010
North Lanarkshire	608	721	508	438	568	500	510	543	914	647	902	929	979	1,545	1,637
Orkney Islands	293	181	161	163	155	142	144	162	186	316	306	329	303	301	287
Perth & Kinross	0	489	577	577	671	797	903	898	845	1,631	1,405	1,343	1,290	1,308	1,308
Renfrewshire ³	0	0	0	0	0	0	0	0	1,150	1,172	1,148	1,040	813	676	625
Scottish Borders	0	1,028	1,088	1,111	1,266	1,342	1,422	1,488	1,379	1,421	1,362	1,379	1,419	1,469	1,443
Shetland Islands	336	234	389	399	379	385	384	385	378	425	476	504	507	526	524
South Ayrshire	336	400	324	309	515	549	537	502	492	509	545	710	776	762	749
South Lanarkshire	511	428	520	757	948	1,004	883	755	666	941	845	858	853	928	1,266
Stirling	245	160	165	176	353	399	494	550	401	633	593	589	588	600	589
West Dunbartonshire	696	563	551	397	395	288	389	363	361	530	606	370	378	383	439
West Lothian ⁷	169	523	633	709	501	384	425	281	434	754	896	841	683	686	632

Conclusion

As the leading trade association for the traditional holiday and short-term let sector, the ASSC values the opportunity to engage in holistic and evidence-based discussions about housing in Scotland.

The ASSC supports sustainable tourism and the managed growth of the short-term letting sector in Scotland. Short term rentals are not new and have a long history in Scotland but recent political and media scrutiny has been almost exclusively negative in tone and does not provide an accurate picture of our sector and the role it plays in the tourist economy.

As our research has demonstrated, there are almost five times as many empty homes than self-catering units across Scotland and Airbnb represents only 1% if the

housing stock in Scotland. There is a lack of quantitative evidence demonstrating that short-term lets are a significant or primary driver of increased rents, are affecting housing supply, or are pushing up house prices. When housing demand and the level of empty housing is set against the number of self-catering units, it suggests self-catering activity is not of a scale sufficient to affect housing supply issues in Scotland.

Overall, the ASSC maintains that more needs to be done to address the problem of empty homes in Scotland when policymakers focus on tackling Scotland's housing challenges. Ultimately, building too few homes remains the core cause of Scotland's housing problems, not the holiday let sector.

ASSC is grateful for data and advice from:

- **Robert McDonald**, Divisional Assessor, Dunbartonshire and Argyll & Bute Valuation Joint Board, Scottish Assessors Association
- **Robert Shepherd**, Assistant Assessor and Electoral Registration Officer, Highland & Western Isles Valuation Joint Board
- **Nick Chapman**, Assistant Assessor, Lothian Valuation Joint Board
- **Marie Lorimer**, UK Policy Advisor, Airbnb
- **Paul Stewart**, Empty Homes Advisor, Scottish Empty Homes Partnership
- **Alistair Danter**, SkyeConnect
- **Suzanne Hamilton**, Frontline Consultants

¹³ Url: <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/LTemptysecondhomes/EmptySecondhometables>