



Short-Term Lets – Homes First Survey Results

Briefing Paper No. 6

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Published July 2020

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Foreword

I launched the Homes First campaign in November 2017. Since then, there has been an inexorable growth in short-term lets across Edinburgh, bringing with it significant problems of anti-social behaviour, distress and anxiety to residents, and the widespread flouting of planning laws.

In recent months, the coronavirus pandemic has had an impact on the short-term lets with the sudden collapse of tourism. We say a bit more about this at the end of the report.

But one issue has pervaded this debate - the issue of data. How many short-term lets are there, where are they and what is their pattern of use? The Homes First campaign has focussed on those properties that are exclusively used for commercial short-term letting but we have never had reliable data on where they are or how many there are.

This report provides an analysis of a survey designed to answer those questions. We would like to thank all the respondents who provided us with data. We hope that over the coming months we can expand and update this information further.

Andy Wightman MSP



- 🏠 477 short-term lets submitted to survey
- 🏠 1 out of 477 has planning permission
- 🏠 188 or 45.4% of people surveyed have 2 or more short-term lets in their building
- 🏠 90 or 21.7% of people surveyed have 3 or more short-term lets in their building
- 🏠 358 out of 477 paying council tax rather than non-domestic rates
- 🏠 £4,782,338.75 lost revenue as a result of Small Business Bonus Scheme
- 🏠 2,015 commercial short-term lets identified
- 🏠 Estimated number of commercial short-term lets is at least 6,587

Introduction

The debate over short-term lets often conflates two distinct phenomena. Home sharing is where someone lets out a room in their own home, or occasionally the whole property (for example, during the Edinburgh Festival). A short-term let is a property that is no longer anyone's home and is let as a commercial enterprise for as many weeks per year as it can be. A critical question is to distinguish between the two and identify the location and extent of each.

Data from [Inside AirBnB](#) has given researchers and activists useful insights into the spread of short-term lets. However, this data makes no distinction between home-sharing (a person sharing their permanent home with visitors, whether the host is there at the time or not) and commercial letting (owning an additional home specifically for letting out to visitors).

Moreover, the Inside AirBnB is restricted to the AirBnB platform which is but one online portal among many. The data is also limited to specific locations, such as Edinburgh. Previous research (such as that produced by the Indigo House Group for the Scottish Government¹) has found that the points of particular pressure in Scotland are Edinburgh, the East Neuk of Fife and the Isle of Skye.

To date, whilst we know that there are around 12,000 Airbnb listings in Edinburgh and around 1,700 properties registered for non-domestic rates, the true number of commercial short-term lets remains elusive. On the basis of the information we have, we have in the past estimated the number to be between 3,000 to 4,000 across the City.

In January 2020 we launched [homesfirst.scot](#), a survey of short-term lets in Scotland - in particular in Edinburgh - to find out the number and location of commercial short-term lets.

¹ <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

Definitions

Commercial short-term lets

A commercial short-term let is a dwelling occupied by short-term tenants, commonly there for a holiday or for work. It is a property that is run for profit. Importantly, it is a dwelling that is not anyone's main residence.

In Edinburgh, short-term lets are often in flats situated in tenement buildings. They share a stairwell, common entrance and garden with permanent residents.

The short-term letting sector, unlike the long-term rental sector, is largely unregulated. Short-term lets owners have few obligations to their customers or neighbours. Unlike Houses in Multiple Occupation (HMOs), which are licensed, neighbours have no formal route to objecting if a short-term letting business is operating from their stair.

Serviced apartments

A serviced apartment is a legitimate business, registered for non-domestic rates and almost always run by a registered business. They often occupy entire buildings and are unlikely to share common areas with permanent residents.

Traditional self-catering

Self-catering businesses provide a useful service to visitors and have an important role in Scotland's economy. It can be difficult to draw a line between a traditional self-catering property and the kind of commercial short-term let discussed in this survey. Not all owners of self-catering properties are registered businesses which pay non-domestic rates. Many advertise on online platforms like Airbnb.

We have chosen to focus on flatted dwellings which share common areas with permanent residents. It is rarely appropriate for a business of this type, whether the owner considers themselves to be part of the traditional self-catering industry or not, to operate from a residential building.

Home sharing

Many people use online platforms such as Airbnb to host guests in their own home, most usually in a spare bedroom. While it can be difficult for neighbours to distinguish between a commercial short-term let and a home share, particularly if the home sharing is frequent and guests often come and go, it generally causes fewer problems for permanent residents than properties reserved for exclusive use and so we have endeavoured to avoid including them in our research.

Methodology

Data Collection

The **homesfirst.scot** survey invites residents of Edinburgh and other locations to report how many commercial short-term lets they know of in their locality, most obviously in their tenement stair. This crowdsourced data collection is a participatory method of creating a dataset – reaching out to individuals and inviting them to record what they know.

The survey is not collecting the names of hosts and is not collecting information on owners who home-share.

In addition to the crowdsourced data, we also data scraped booking.com apartment listings to form a separate dataset.

We used Edinburgh City Council planning application and enforcement data to build a dataset of interactions between the planning system and commercial short-term lets.

Finally, we used publicly available data through the non-domestic valuation roll at saa.gov.uk to build a list of self-catering units paying non-domestic rates to the City of Edinburgh Council.

Cleaning the data

To create a clean dataset for analysis, we removed retrospective submissions from the Homes First survey results – that is, short-term lets that were definitely no longer operating as short-term lets – where we could identify them.

We removed duplicate entries added in error. There were also a small number of duplicate addresses. This small number is consistent with the method of data collection – individuals were generally adding flats they knew of personally on their stair and it would be expected that separate individuals would return information about the same properties.

We added street names where those had been missed.

This process yielded 477 addresses of short-term lets in Edinburgh in the period January – June 2020.

Findings

About the data

Where are the short-term lets?

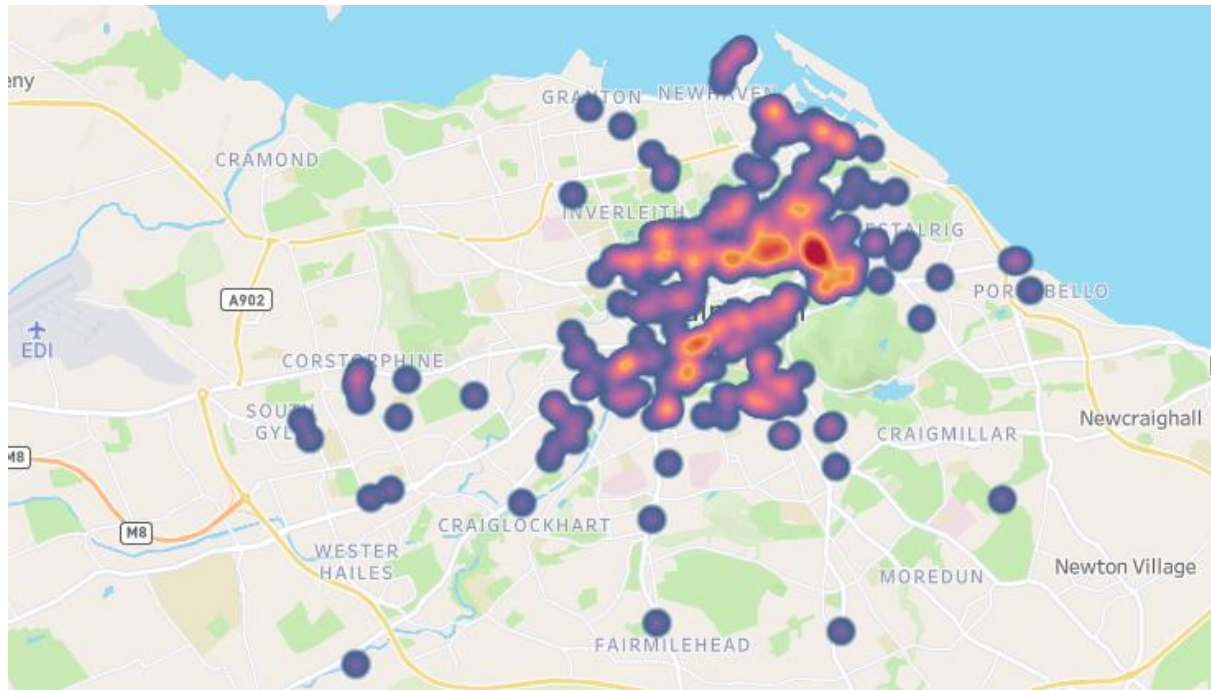


Figure 1: heat map of commercial short-term lets in Edinburgh created using crowdsourced data from Homes First survey (January – June 2020) on Tableau Public

Short-term lets can be found across Edinburgh, but the majority of those submitted to the Homes First survey were concentrated in the Old Town, New Town and Leith. **250 or 52.4%** of the short-term lets submitted were in the Leith Walk and City Centre wards:

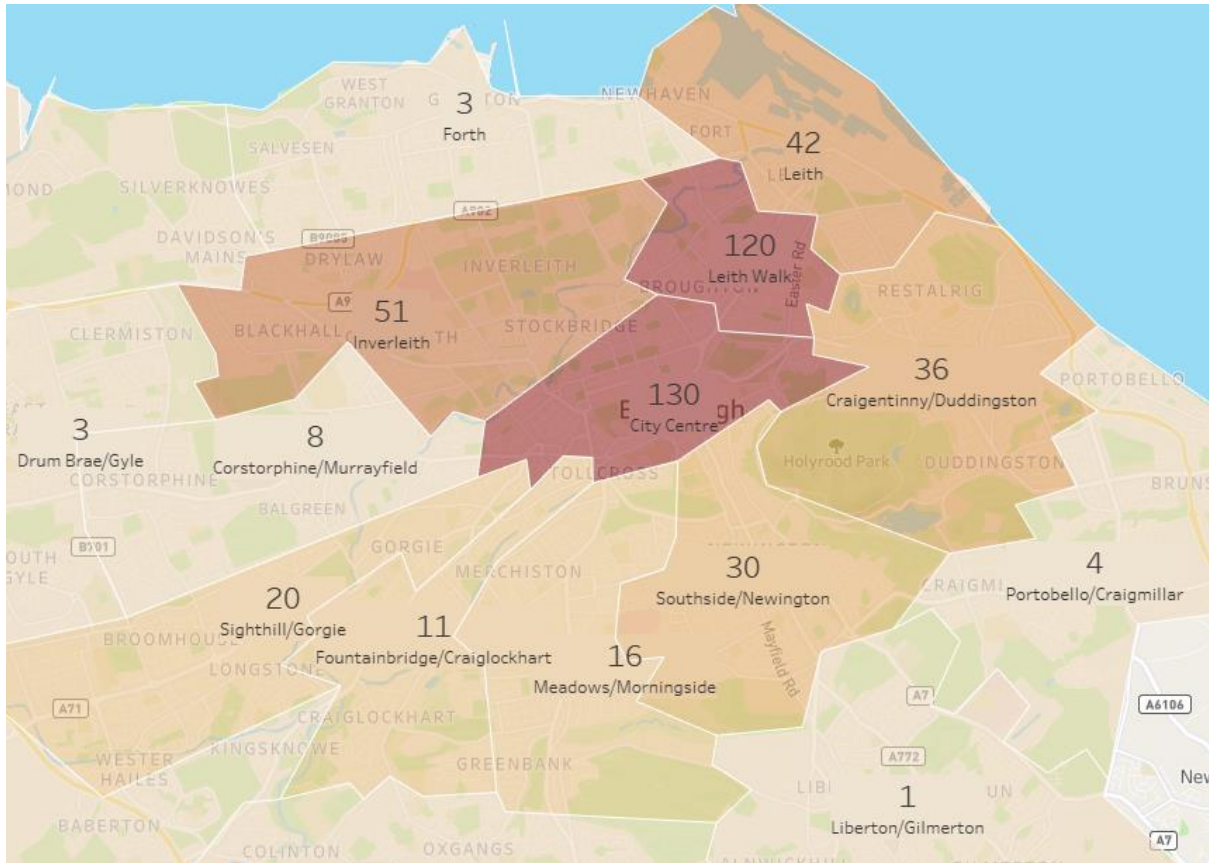


Figure 2: density polygon map of central Edinburgh wards with number of short-term lets submitted from each ward; created using crowdsourced data from Homes First survey (January – June 2020) on Tableau Public

How many short-term lets are in shared stairs?

414 survey respondents answered our question about how many flats were in their building, and how many were short-term lets.

168 or 40.6% of respondents live in a building with just one short-term let. 188 or 45.4% of people reported that they have 2 or more short-term lets in their building. 90 or 21.7% people said that they had 3 or more short-term lets in their building.

Our questions

- Have the short-term lets we have identified sought planning permission? Has anyone ever undertaken or begun enforcement proceedings for breach of planning control against these short-term lets?
- Are the short-term lets on the valuation roll for council tax or non-domestic rates? How much are they paying? How much income does Edinburgh City Council lose as a result of the Small Business Bonus Scheme?

Planning permission

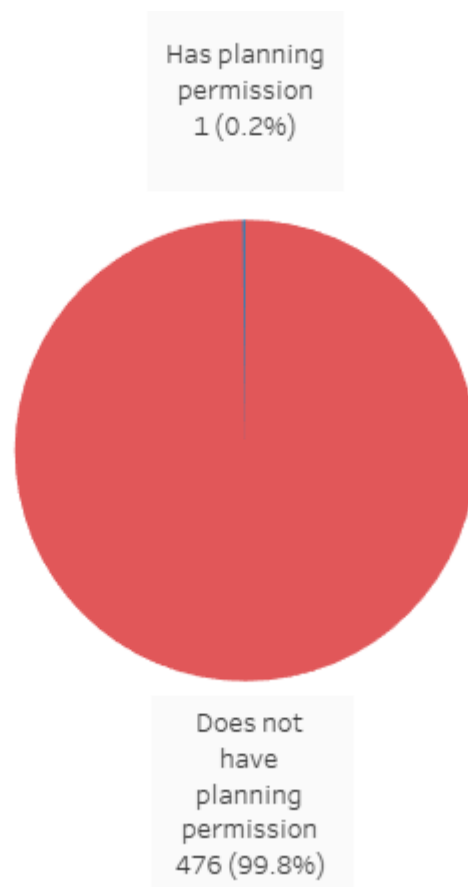


Figure 3: pie chart of number of short-term lets that have planning permission; created using crowdsourced data from Homes First survey and publicly available planning data from Edinburgh City Council planning portal on Tableau Public

Only one of the short-term lets identified through the Homes First survey had sought and obtained planning permission.

We identified a total of 147 instances of applications relating to short-term lets on the Edinburgh City Council planning portal (May 2007 – June 2020).

We analysed the final status of applications relating to short-term lets on the Edinburgh City Council planning portal:

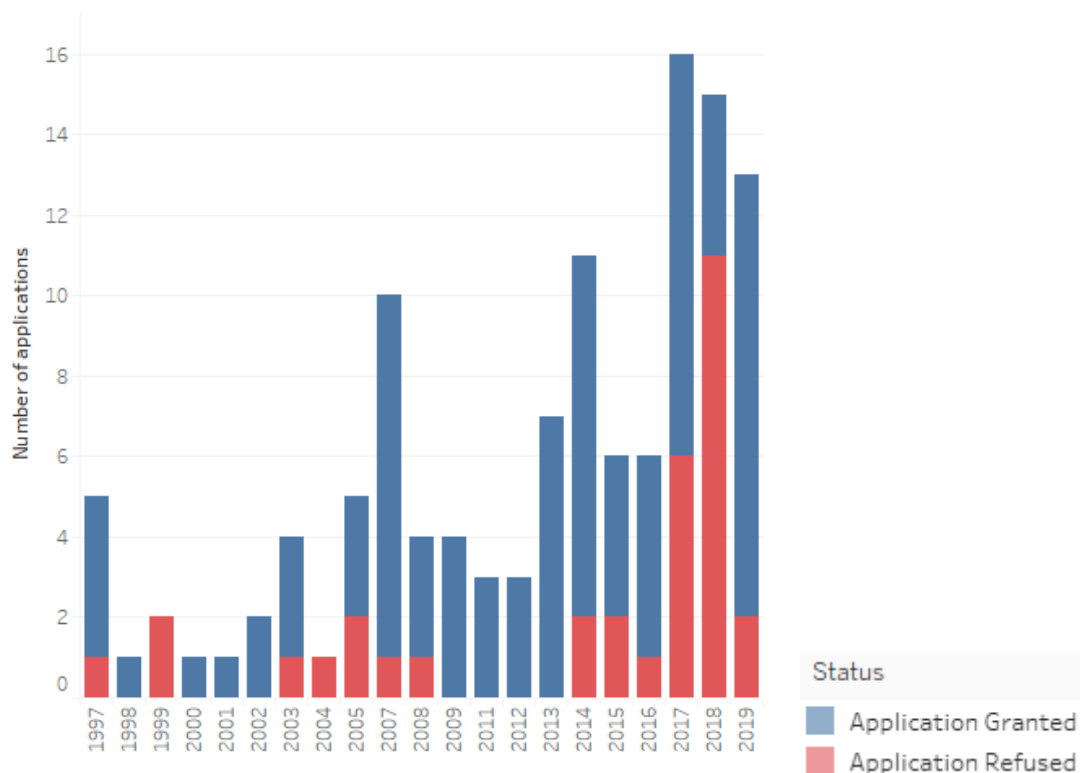


Figure 4: stacked column chart of number of short-term lets reported to Edinburgh City Council for breach of planning control and their status as of end of Q2 2020; created using data from Edinburgh City Council planning portal on Tableau Public.

This shows the changing approach of the council to handling the number of short-term lets operating in the city.

Valuation roll and non-domestic rates

We checked the addresses of all the short-term lets submitted through the Homes First survey against all entries on the Lothian Valuation Joint Board roll for self-catering units. The valuation roll is a public document containing entries for non-domestic properties. The roll is used to levy non-domestic rates, a tax on non-residential properties used to fund local services.

If a property is not on the valuation roll, it is likely that – unless exempted by law (which is unlikely in the case of normal flatted residences), the owner or occupier will be paying council tax. Like non-domestic rates, council tax is a local property tax.

For the purposes of non-domestic rates, properties are assessed by an independent body and their ‘rateable value’ recorded on the valuation roll. In Scotland this assessment currently takes place every 3 years since the passage of the Non Domestic Rates (Scotland) Act 2020

In the case of council tax, properties are given a banded value (e.g. Band A, up to £27,000; Band F, over £80,000 and up to £106,000). The band in which a property is placed depends on its estimated market value as at 1 April 1991.

Drawing comparisons between the two taxes is therefore difficult. However, we can look at two properties in the same building, of a similar size, to compare the two taxes. Both were submitted to the Homes First survey.

Number 7/8 xx Street is a self-catering short-term let with a rateable value of £10,000. Before any reliefs are applied, the property development company listed as the proprietor had a liability of £4,900 in the year 2019/20. In practice, the Small Business Bonus Scheme – see below – means that £0 is paid to the council in rates.

Number 7/1 xx Street is a self-catering short-term let whose unknown owner pays council tax. It is in Band C for council tax, meaning that the owner paid £1,135.47 to the council in council tax.

If it were not for the Small Business Bonus Scheme, short-term let owners who operated their properties as full-time businesses could therefore be avoiding a significant tax burden by not entering their properties on the valuation roll.

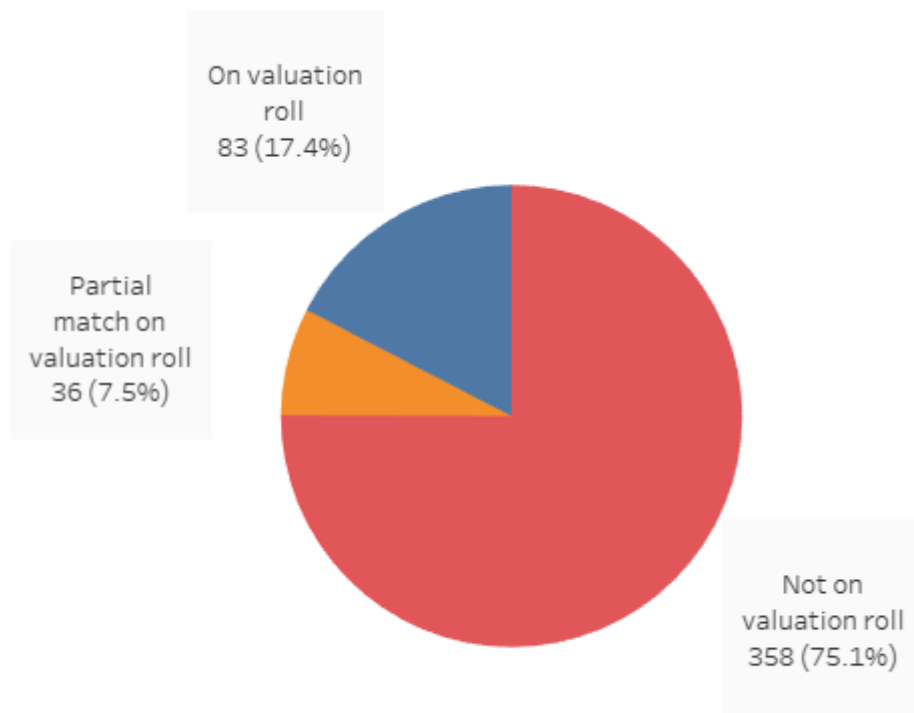


Figure 5: pie chart of number of short-term lets submitted through Homes First survey matching address on valuation roll; created using crowdsourced data from Homes First survey and data retrieved from saa.gov.uk on Tableau Public

Of the 477 short-term lets identified through the Homes First survey, 83 were on the valuation roll and registered as being liable for non-domestic rates. It is reasonable to assume that the remainder are liable for council tax.

A further 36 have been classed as a partial match, which means that it was not clear which property number the Homes First submission relates to but a likely match has been found on the valuation roll. These are mainly a quirk of tenement addresses: flat number 6 at tenement number 16, for example, might be recorded as 16/6 or as 3f2 16.

The Small Business Bonus Scheme (SBBS) is a national rates relief that means many of those who would normally be liable for non-domestic rates receive either a 100% or 25% discount on rates for each property.

At time of writing data was not available for how many of these properties are in receipt of the SBSS. The calculations below are based on an assumption that the proprietor of each self-catering property has applied for the Small Business Bonus Scheme using the correct process.

We identified 1,657 self-catering units liable for non-domestic rates in Edinburgh.

By applying the rules of the SBBS² to valuation roll data for self-catering properties, we calculated that 1,322 of these units were eligible for 100% relief on non-domestic rates. A further 120 were eligible for 25% relief on non-domestic rates.

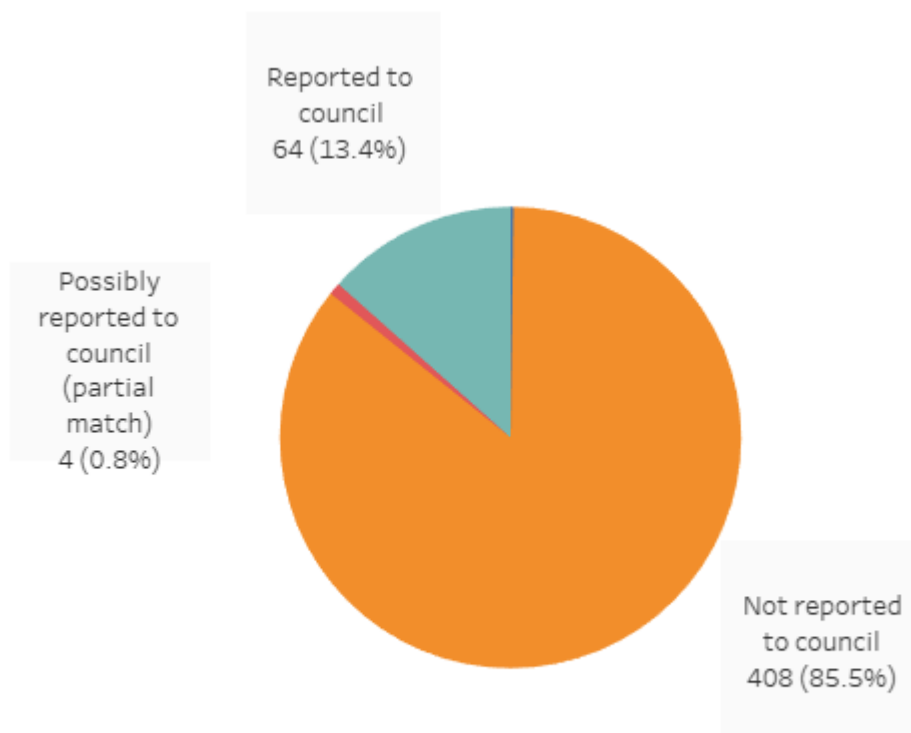
We then calculated the total rates due to the council before taking account of any reliefs was £8,500,213.75.

By applying the SBBS rules, we can calculate that the rates paid to Edinburgh City Council in the year 2019/20 by self-catering units after the granting of SBBS relief were £3,717,875.00.

The difference between these figures is the revenue not collected by the council as a result of the Small Business Bonus Scheme, namely £4,782,338.75.

Enforcement proceedings

We checked the addresses of the short-term lets submitted through the Homes First survey against Edinburgh City Council's planning portal to see if residents had previously reported the lets to the council.



² <https://www.mygov.scot/non-domestic-rates-relief/small-business-bonus-scheme/>

Figure 6: pie chart of number of short-term lets submitted through Homes First survey matching address on planning enforcement database; created using crowdsourced data from Homes First survey and data retrieved from Edinburgh City Council planning portal.

As of 30th June 2020, we identified 484 entries for breach of planning control on Edinburgh City Council’s planning portal website. The number reported to the council has risen dramatically since 2018.

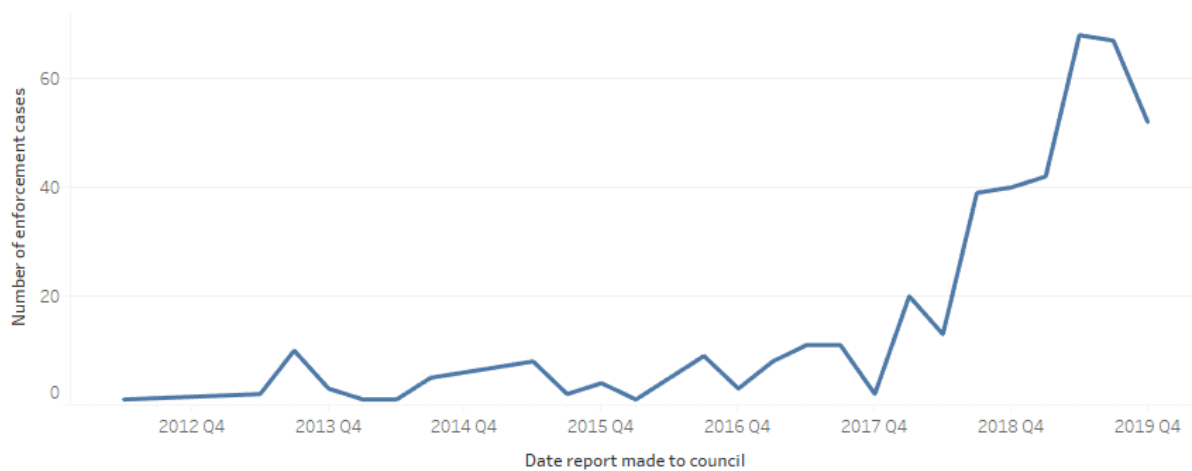


Figure 7: line graph of number of short-term lets reported to council; created using data available from Edinburgh City Council’s planning portal on Tableau Public.

How many short-term lets are there in the City of Edinburgh?

The Homes First survey found 477 short-term lets. 358 of these were not on the valuation roll (see ‘Valuation roll and non-domestic rates’).

We analysed entries on the Lothian Valuation Joint Board roll for self-catering units and found 1,657 short-term lets with Edinburgh postcodes. These properties are very likely to be commercial short-term lets, since they have opted to pay non-domestic rates rather than the residential equivalent, council tax.

This gives us a total of at least 2,015 commercial short-term lets in Edinburgh.

As above, we found 84 definite matches and 36 possible matches when we compared Homes First survey results to the valuation roll. If we apply these proportions to the valuation roll data, we can assume that valuation roll entries represent between 18 and 25% of *all* short-term lets in Edinburgh. The true number of short-term lets in Edinburgh is therefore estimated at **between 6,587 and 9,409 properties.**

Coronavirus update

We conducted a follow-up survey on 2nd April 2020 with those people who had responded to our original Homes First survey. We asked what had happened to the short-term let they had submitted to us previously: was it empty, being marketed as a long-term let or still being used as a short-term let, to the best of their knowledge?

There were 117 responses to the survey by the end of the week. The responses revealed that 10% of short-term lets in Edinburgh were potentially still hosting guests.

The ongoing coronavirus pandemic has changed many things about the way in which we live our lives. It is too soon to tell what long-term impact the pandemic will have on short-term lets in Edinburgh. For now, many short-term lets appear to have come back onto the long-term rental markets whilst others may be let to the Council to help deal with homelessness. A reduction in the numbers of short-term lets will have a positive impact on rents for city residents.

Of those properties that remain in the short-term rental market, there is likely to be renewed focus on ensuring that they are fully compliant with planning regulations as well as anticipating the licensing regime that will be introduced shortly.

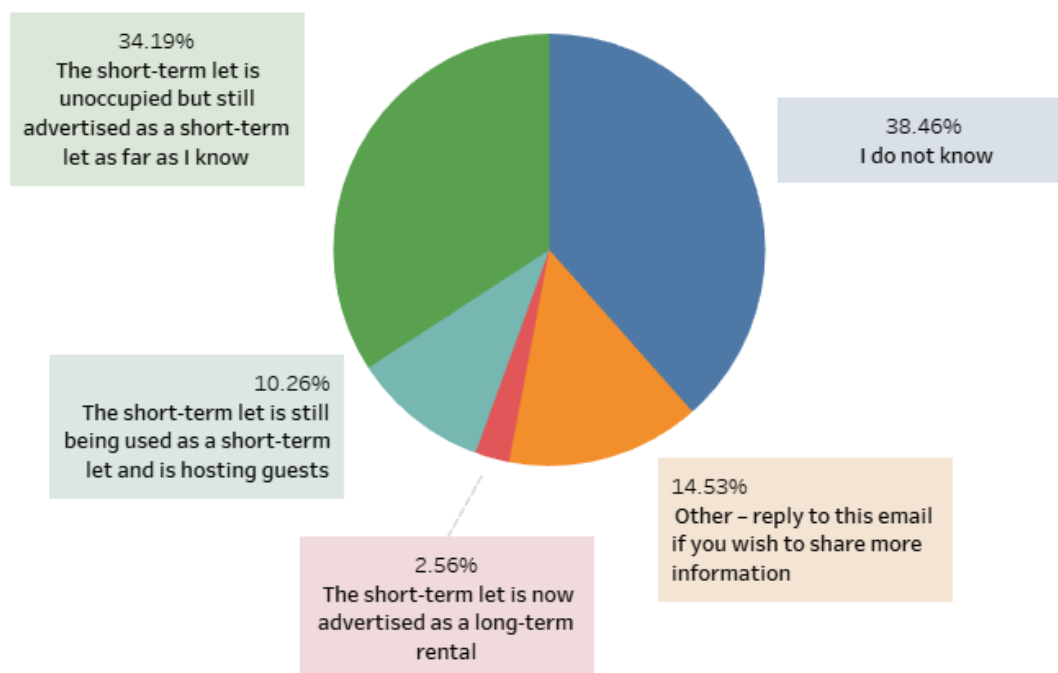


Figure 8: pie chart of responses to the Homes First follow-up survey; created using Tableau Public.

Conclusion

The short-term let market has received a significant economic shock and the future remains uncertain. What this survey has revealed, however is the remarkable extent of operators footing planning policy with only one property out of the total of 477 identified having planning permission. Given the negative impacts on residents identified in many planning consent results and appeal notices, this is a significant concern that so much activity was being undertaken unlawfully in the first few months of 2020.