Short-Term Let Control Area -Statement of Reasons Background Report

Contents

1. Purpose

This report provides background information to support the Statement of Reasons for a Short-Term Let Control Area for Edinburgh.

2. The scale of short-term letting in Edinburgh

The precise scale and scope of the short-term let (STL) industry in the city is currently unknown as there is no requirement to register such a property with the Council (requirement from 2024 to be licensed). Airbnb is regarded as one of the largest platforms for short-term letting and provides a source of published data often quoted by Scottish Government. Whilst a significant market player, Airbnb is not the only platform of its type and figures may be a conservative estimate of the total number of short-term lets operating within the city.

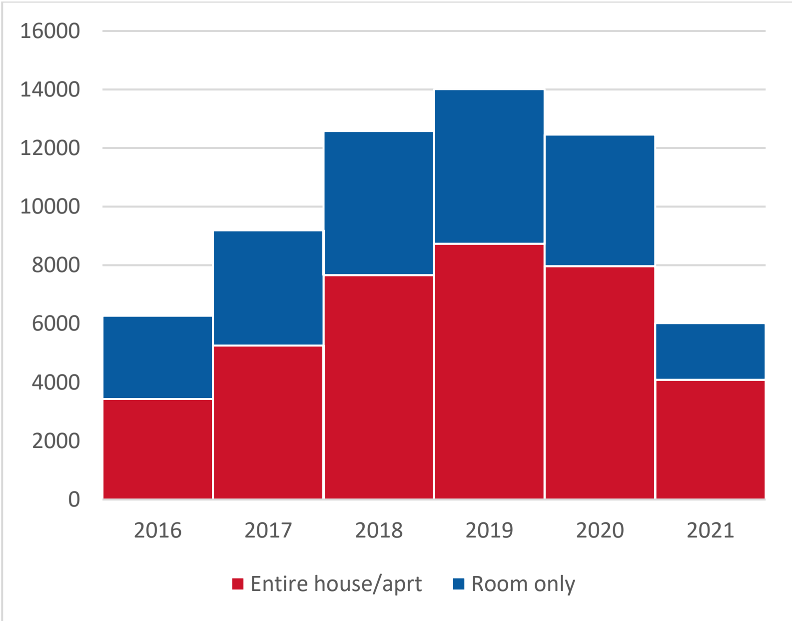
Figure 1 shows the trend in number of listings on Airbnb over the last 6 years. Listings from the last 2 years have been impacted by the Covid-19 pandemic.

In the period 2016-2019 there was a substantial rise in the number of entire properties and rooms registered with Airbnb. Relative to other areas in Scotland the number of Airbnb listings is high. In 2019, 31% of all Airbnb listings in Scotland were in the city of Edinburgh. The next greatest proportion was 19% in Highland followed by 7% in Glasgow City. This illustrates the magnitude of STLs in Edinburgh in comparison to other areas of Scotland.

At March 2020 (within the period of the Covid-19 pandemic) a total of 7,698 entire properties and 4,496 rooms were being advertised on Airbnb. Across the last 6 years there has been proportionally more entire property STLs than room only. While the number of Airbnb registrations in Edinburgh declined between March 2020 and April 2021 the distribution of STLs has remained broadly similar over the period 2020-2021.

The Covid-19 pandemic has had a significant impact on the number of STLs that were advertised on the Airbnb platform since March 2020. It is not known what the longer term impact of this will be for the number of STLs in Edinburgh however indications that while there may have been a shift of short-term lets to residential private-lets during lock-down, that the high demand for UK staycations means that pressure for STLs may continue.

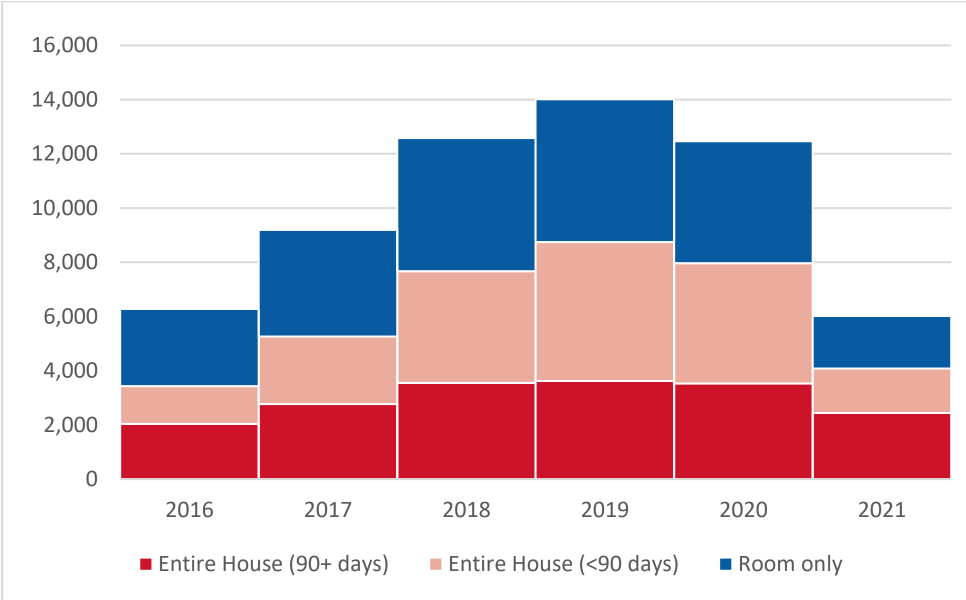
Figure 1- Number of STLs registered on Airbnb within Edinburgh 2016-2021



Source: Inside Airbnb

Data provided by Airbnb indicates the number of days within a year that properties are available. The number of entire properties available for more than 90 days (4,439 at March 2020) indicate that a number of properties are no longer available for residential use. Figure 2 below shows the breakdown.

Figure 2- Number of STLs registered on Airbnb within Edinburgh (number of days) 2016-2021

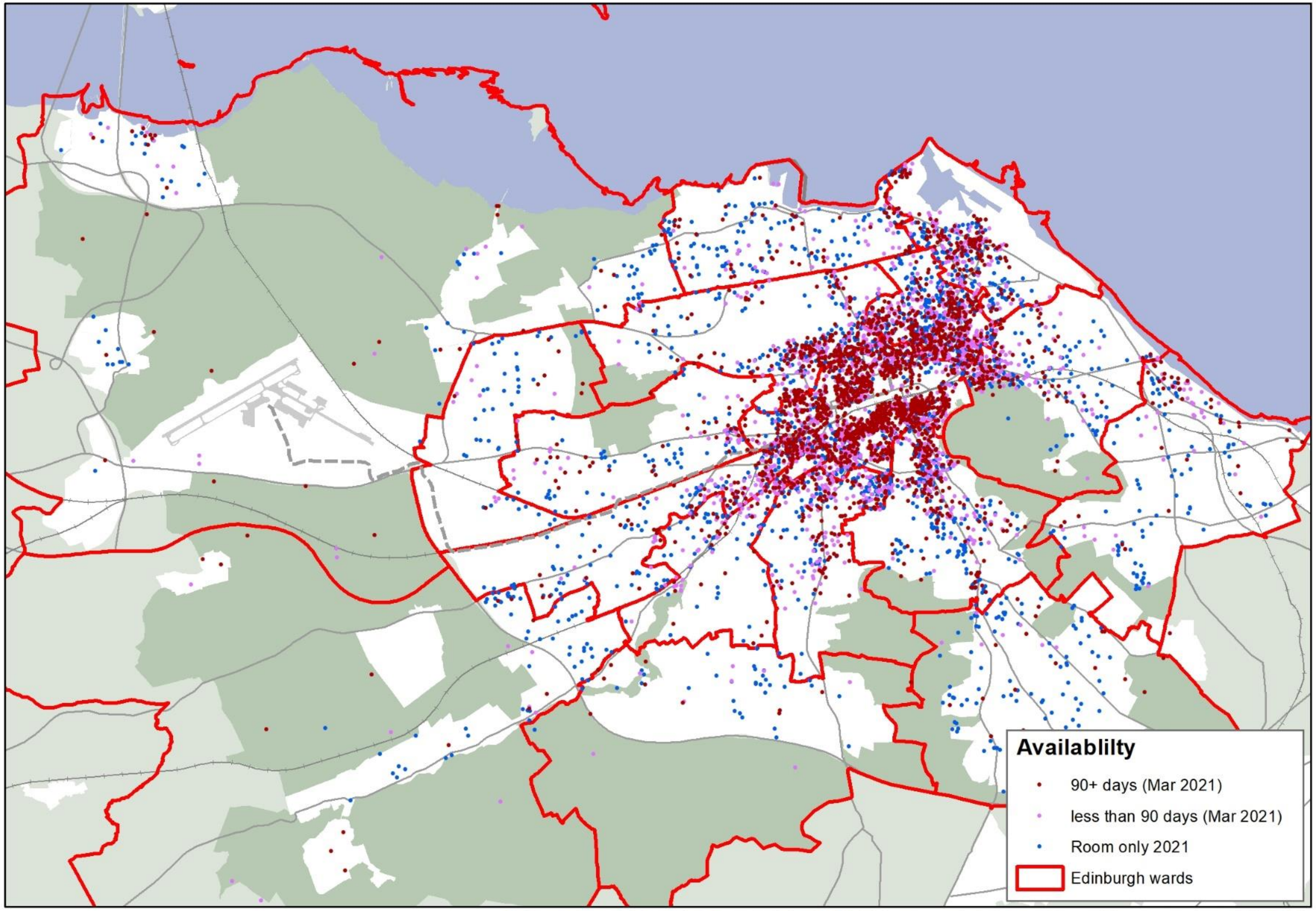


Source: Inside Airbnb

Variation across the city

There is a concentration within the City Centre and Leith wards, however they are evident in all wards of the city with two thirds of the total number of STLs distributed across the remaining Council area, as indicated in Map 1 and Figure 3 below.

Map 1: Distribution of Airbnb registrations April 2020.



The number of STLs in all wards of the city including those more rural locations are significant with wards such as Forth and Almond registering 502 and 253 respectively.

Figure 3: Airbnb registrations by ward April 2020

Ward	**Entire property registered for let**	**Entire Property registered for let for 90+ days**	**Entire Property registered for let for less than 90 days**	**Room only registered for let**	**All properties registered (entire property and room only)**	**% of all properties registered in Edinburgh in each ward**
City Centre	2,397	1,400	997	845	3,242	24
Leith Walk	1,199	474	725	776	1,975	14
Southside/Newington	621	241	380	566	1,187	9
Inverleith	633	264	369	413	1,046	8
Morningside	513	160	353	447	960	7
Leith	547	221	326	387	934	7
Craigentinny/Duddingston	451	178	273	333	784	6
Sighthill/Gorgie	426	181	245	354	780	6
Fountainbridge/Craiglockhart	370	118	252	236	606	4
Forth	207	69	138	295	502	4
Portobello/Craigmillar	153	58	95	241	394	3
Corstorphine/Murrayfield	156	49	107	169	325	2
Liberton/Gilmerton	79	23	56	227	306	2
Almond	83	43	40	170	253	2
Pentland Hills	42	25	17	132	174	1
Drum Brae/Gyle	50	14	36	106	156	1
Colinton/Fairmilehead	43	15	28	99	142	1
TOTAL	**7,970**	**3,533**	**4,437**	**5,796**	**13,766**	

Source: Inside Airbnb

Penetration rates

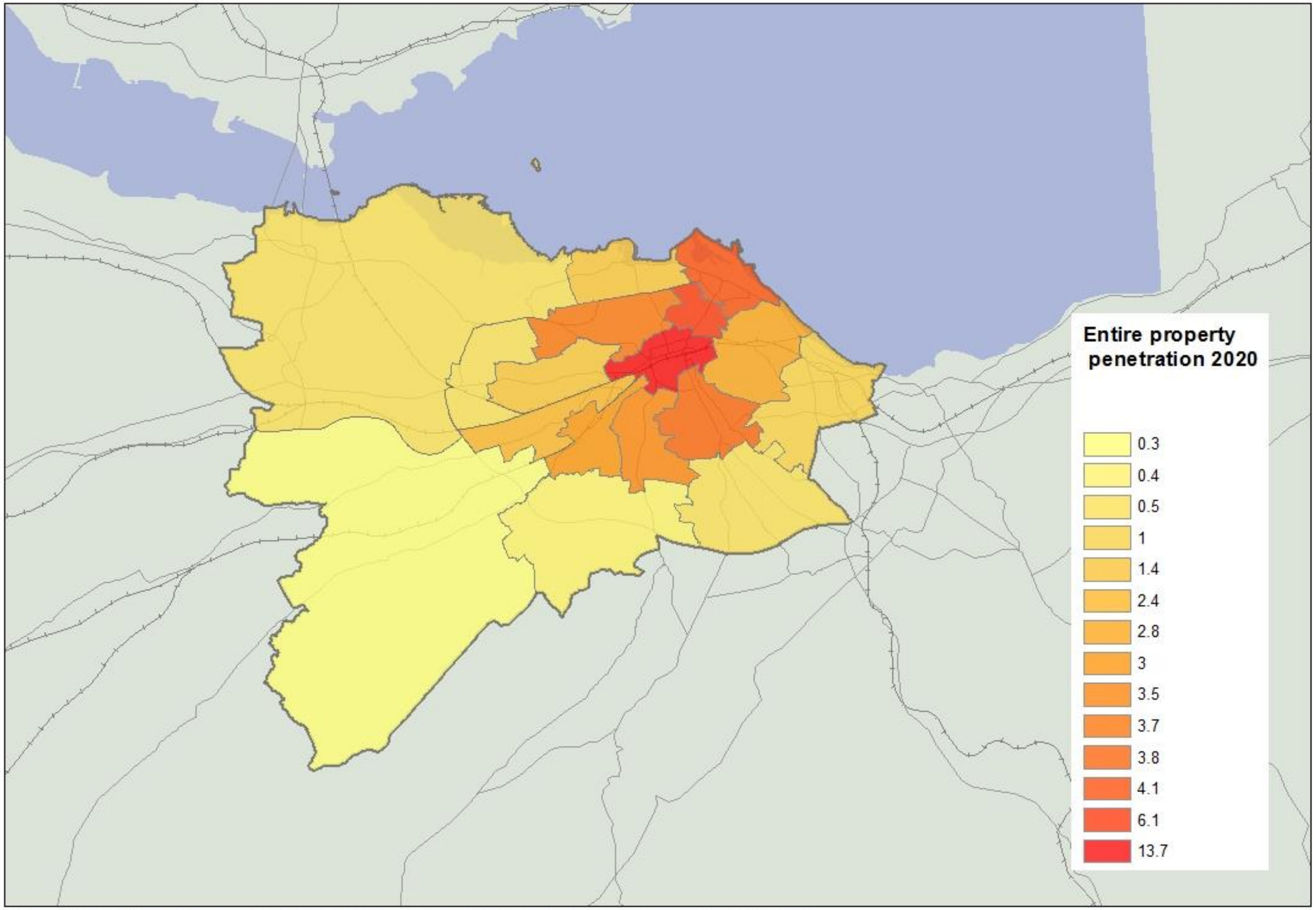
The concentration of STLs compared with dwellings varies across the city. The city centre has the highest rate at 18.5% in 2020 for both room only and entire property STLs, followed by Leith Walk which had a rate of 10%. The penetration rate of entire property STLs to dwellings was also highest in these wards.

Figure 4: % STLs to dwellings 2020/2021

Ward	Penetration Rate all STLs %		Penetration Rate Entire Homes %	
	2020	2021	2020	2021
City Centre	18.5	10.3	13.7	8.8
Leith	7.0	5.3	4.1	4.4
Southside/Newington	7.3	2.9	3.8	1.8
Inverleith	6.1	2.7	3.7	1.9
Leith Walk	10.0	2.7	6.1	1.2
Morningside	6.6	2.3	3.5	1.5
Craigentinny/Duddingston	4.9	2.0	2.8	1.3
Sighthill/Gorgie	4.5	1.7	2.4	1.1
Fountainbridge/Craiglockhart	5.0	1.7	3.0	1.2
Forth	3.3	1.3	1.4	0.5
Corstorphine/Murrayfield	3.0	1.1	1.4	0.6
Portobello/Craigmillar	2.5	1.0	1.0	0.5
Almond	1.6	0.7	0.5	0.3
Liberton/Gilmerton	1.8	0.7	0.5	0.2
Pentland Hills	1.3	0.6	0.3	0.2
Drum Brae/Gyle	1.4	0.6	0.5	0.2
Colinton/Fairmilehead	1.3	0.5	0.4	0.2
TOTAL	**11.6**	**2.4**	**8.1**	**2**

*Based on NRS dwelling estimates 2019

Map 2: % of all (room only and entire property) Airbnb registrations to dwellings 2020

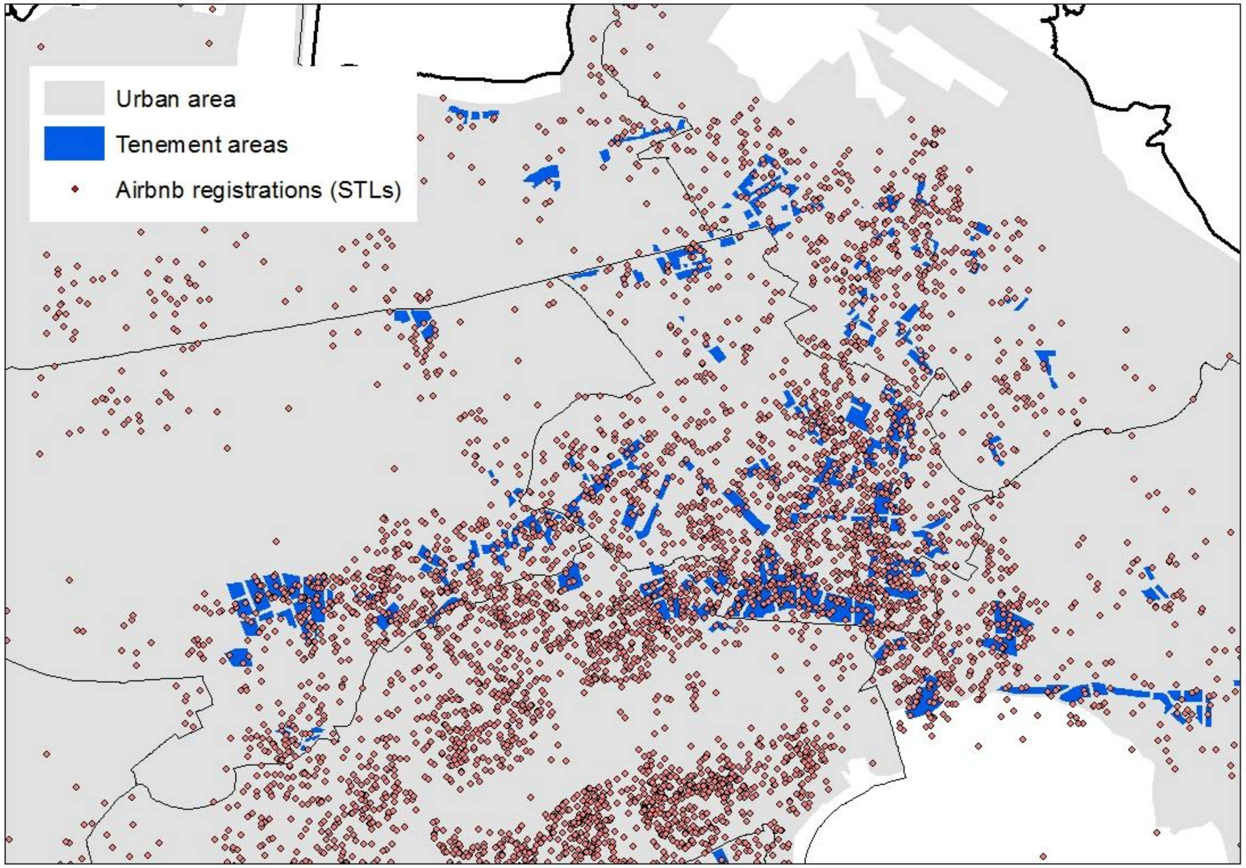


The majority of STLs in Edinburgh are within tenement properties, concentrated in areas of the city which already have high demand for housing. Regular use of any tenement flat as a short term let is inconsistent with tenement living, and often leads to anti-social behaviour and undue nuisance to other residents. This generates a high number of complaints.

The issue is not restricted to this type of accommodation. Residents have experienced persistent difficulties as a result of anti-social behaviour in properties which have a shared or common space. The transfer of noise into neighbouring properties is another well-known problem, especially in tenement flats but can also lead to complaints from residents in detached or semi-detached accommodation. Through data collected from the Council's complaints system, it is clear that short-term lets can cause difficulties in nearly every type of property.

An analysis of urban area types across the city provides an indication of the areas with a predominance of tenement properties. Map 3 shows the location of these property types and STLs listed on Airbnb.

Map3: Tenement Areas and STLs registered on Airbnb April 2020



Source: Inside Airbnb

The size of properties utilised as STLs varies from studios to the extremes of 9 bedrooms. Of the 3,533 entire property STLs registered on Airbnb at April 2020, 683 were 3 or more bedrooms, a further 1,484 were 2 bedrooms and 1,365 were 1 bedroom or studios.

3. Impacts on communities and residents

STLs can support local economic benefits and provide the potential for increased household income for hosts. They provide additional accommodation during important times of the year, e.g. the summer festivals. The control area only affects short-term lets where the property is not the only or principal home of the host. Home letting of people's own homes will not be impacted by the control area.

The impact of short-term lets on Edinburgh is a significant concern. Complaints regarding short term lets are wide ranging and continue to be received by the Council. The complaints cover several broad types and include:

- Impact on available housing supply within the city
- Erosion of sense of community in areas with dense concentrations of short term lets;
- Noise and antisocial behaviour created by guests using short term lets.

Analysis of some cases received indicates that most complaints received relate to low level disturbance, which nonetheless can have a serious impact on residential amenity. For example, visitors who use flats will often arrive and depart at anti-social hours and in the process of doing so will disturb neighbouring properties when moving through communal areas. Many hosts allow two night minimum stays and there have been several cases where one night stays have been permitted by the host. In these circumstances, the likelihood of disturbance, with guests changing over on a more regular basis, also has a tangible impact on residential amenity. The negative impact of short-term lets on residential amenity have been well documented in a number of appeal decisions which have been handed down by Scottish Ministers.

Research carried out on behalf of the Scottish Government -Research into the impact of short-term lets on communities across Scotland, 2019 assessed the impact of short-term lets in Scotland, with a focus on communities, particularly on neighbourhoods and housing. It considered case studies including Edinburgh.

A key impact identified was the reduced availability of residential housing with the negative impact on affordability, sustaining communities and the negative impact on the wider local economy and local public services. There were indications from the survey and recurring themes coming through the qualitative research across all areas, from all types of participants except for some hosts, that properties were moving from long-term private lets and owner-occupation into STLs. This was voiced as a major area of concern in Edinburgh. In Edinburgh the rise in STLs was associated with the fall in resident population and school rolls, with fears about the long term sustainability of the community.

A further impact identified was disturbance of residents, quality of life and well-being which was evident in Edinburgh in particular. This related particularly to tenements but also other types of high density properties with shared space and common stairs/closes. Concentrations of entire property STLs let full-time in common stairs often results in daily disruption and stress caused by constant 'visitor use', rather than residential use – noise, disturbance, buzzers, door knocking, littering, anti-social behaviour, the loss of a sense of community and security where the majority in both the close, and within the wider local community, were constantly changing strangers.

Negative congestion effects from STLs were identified in Edinburgh where the level of tourism was the greatest amongst the five case study areas. They were also seen to be changing the nature of the communities. This was associated with traffic congestion, people congestion, litter, waste, noise, lack of amenities for locals including local shops, and higher demand for and impact on local public services.

In the last 5 years there have been 511 planning enforcement cases raised against short-term lets in Edinburgh. When investigating cases, it must be established whether the use of a residential premises for short term holiday lets is a material change of use. The question of materiality is one of fact and degree having regard to a number of factors such as the character of the property, the frequency of arrivals and departures, the number of people occupying the property, disturbance to neighbouring residential amenity. Evidence gathering can be a very difficult process. Case officers must consider each of the above factors. This can involve a number of visits to check levels of occupation and to collect corroborative evidence to support any claims of noise and nuisance. This is a resource intensive activity.

Map 4: Location of enforcement cases raised in period 2016-2021

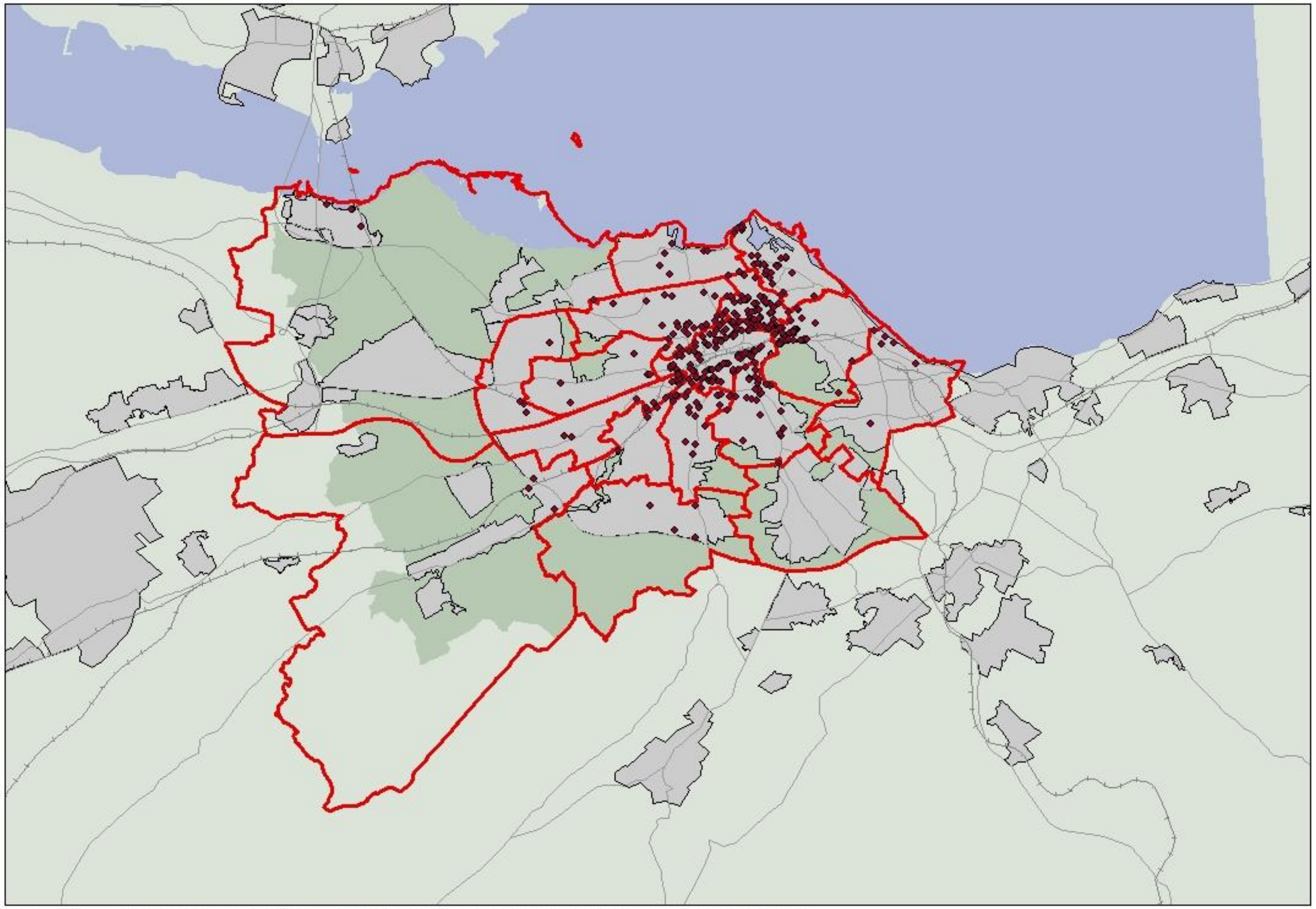


Figure 5: Planning Enforcement Cases by Ward

Ward	No of enforcement cases raised 2016-2021	%
City Centre	154	30
Leith Walk	85	17
Leith	52	10
Craigentinny/Duddingston	50	10
Southside/Newington	36	7
Inverleith	31	6
Morningside	23	5
Fountainbridge/Craiglockhart	19	4
Sighthill/Gorgie	17	3
Corstorphine/Murrayfield	11	2
Forth	8	2
Almond	7	1
Portobello/Craigmillar	6	1
Drum Brae/Gyle	4	1
Colinton/Fairmilehead	4	1
Pentland Hills	3	1
Liberton/Gilmerton	1	0
TOTAL	511	

Source: CEC

When investigating cases, it must be established whether the use of a residential premises for short term holiday lets is a material change of use. The question of materiality is one of fact and degree having regard to factors such as the character of the property, the frequency of arrivals and departures, the number of people occupying the property, disturbance to neighbouring residential amenity. Evidence gathering can be a very difficult process. Case officers must consider each of the above factors. This can involve numerous visits to check levels of occupation and to collect corroborative evidence to support any claims of noise and nuisance. This is a resource intensive activity.

A control area would remove the current dubiety that properties currently being used for STLs require planning permission. The requirement for planning permission would allow the Council to make a decision in accordance with the Development Plan, unless material considerations indicated otherwise. The designation of a short-term let control area, therefore does not mean a blanket ban on such uses: each case will have to be assessed on its own merits. The planning application process involves notification of neighbour and provides an opportunity for public comments.

4. The Housing Market

It is very difficult to track how much housing has been transferred to short-term letting. In 2018 the Council commissioned Rettie & Co to conduct research (Analysis of the Impact of the Edinburgh Short Term Rental Market – 16 July 2018) which assessed the impact that the short-term let sector was having on rents within Edinburgh's traditional private rented sector and the availability of residential property in the city. It estimated that there had been a loss of around 10% of private rented homes to short-term lets in recent years. The loss was most prevalent in the city centre and north Edinburgh. The rapid growth in short term lets has had an impact on both supply and rent levels. Between 2014 and 2017 the city saw 2,700 more properties per year listed as available on Airbnb, while private rented sector stock fell 560 per annum.

The Covid-19 pandemic has had a significant impact on the number of STLs that were advertised on the Airbnb platform since March 2020. It is not known what the longer term impact of this will be for the number of STLs in Edinburgh. A study -Review of Housing Need and Demand in Edinburgh commissioned by CEC in 2020 considered evidence on housing need and demand. This found that the impact of Covid-19 has seen a current surge in the housing market through pent-up demand and that there are indications of some of this demand leaving the city centre urban core, and even moving out of Edinburgh altogether to seek more affordable space. There was some evidence of an immediate shift of short-term lets to residential private-lets during lock-down, but consultation suggests that the high demand for UK staycations means that demand for City Centre STLs has been broadly maintained. For the long term, the market fundamentals for the Edinburgh market are projected to remain strong, with unlikely downward pressure of prices.

There is concern that increased numbers of short-term lets reduces the supply of available homes for longer term lets, which would tend to increase the cost of renting. Research also indicates a displacement of demand, with rents rising significantly above average (between 20-27% over the period 2014-17) in areas bordering a high concentration of short term lets. Private rents have increased by more than 30% over the last five years. Research indicates rising rents occurring in those areas bordering a high concentration of Airbnb, suggesting a displacement of demand. In those areas bordering the city centre, rents increased around 20-27% over the period 2014-2017.

Edinburgh has one of the lowest proportions of social housing in Scotland with only 14% of homes in Edinburgh being social housing compared to a Scottish average of 23%. Owner occupier is the most prevalent tenure in Edinburgh with 59% of homes in this category and 25% private rented homes in Edinburgh, compared to a Scottish average of 14%. There is high demand for social housing in the city with just under 24,000 applicants registered on the Council's common housing register as at the end of March 2020. There was an average of 203 bids for every property advertised for rent in 2019/20.

Edinburgh has a buoyant Private Rented Sector with 25% of all homes in the city being in this sector. However, affordability in this sector remains a challenge. The gap between the Local Housing Allowance (LHA) and the average private rent in the city has been increasing year on year. Prior to COVID -19 data from Citylets indicated that the average advertised rent in the city was £1,148 per month (Citylets data hub Q3 2019). Glasgow had the next highest advertised rent at £803 per month

The latest Housing Need and Demand Assessment (HNDA2) states that there is demand for at least 38,000 to 46,000 new homes in Edinburgh over ten years, over 60% of these need to be affordable. Typically, properties used for short-term lets have previously been used for residential purposes.

Properties being utilised for STLs are generally in accessible areas and supported by services. There is a need to ensure that such locations can be maximised for their potential to provide residential properties to meet the needs of Edinburgh. Existing housing units are best placed and designed to provide for residential use and most suited to meeting the needs of residents.

5. Visitor Accommodation

There is considerable supply of serviced visitor accommodation in Edinburgh, along with student halls which provide visitor accommodation at key times of the year. A study carried out on behalf of the Council, Edinburgh Visitor Accommodation Sector Commercial Needs Study, January 2019, Ryden identified almost 16,000 rooms within 422 properties. The breakdown by type is provided in Figure 6 below.

Figure 6: Structure of the Edinburgh Visitor Accommodation Market – January 2019

Type	No. of Properties	No. of Bedrooms / Units
Hotels	167	13,180
Serviced Apartments	40	1,488
Hostels	15	457 (2,327)
Guest Houses	200	1,300
Total	**422**	**15,968**

Source: AM:PM/VisitScotland Extracted from Edinburgh Visitor Accommodation Sector Commercial Needs Study, Ryden, January 2019

The study identified that supply growth over the last 10-15 years has been primarily driven by the hotel sector (although there have been a number of new serviced apartments which have opened in the last three years), with a 3.3% annual average growth in hotel bedroom supply (net, including closures). In particular, there has been significant growth in budget hotel stock in the city which has made up 78% of all new hotel bedrooms opened between 2012 and 2018.

Serviced apartments (which includes apart-hotels) are defined as properties offering a hotel-like room but typically with larger than average or multiple bedrooms, including additional working and kitchen amenities (AM:PM Hotels Database). 40 serviced apartments were identified within Edinburgh providing 1,488 units.

There have been a number of recent serviced apartment openings in the last two years, reflecting the growth in the apart-hotel concept, appealing to shorter stay visits, including:

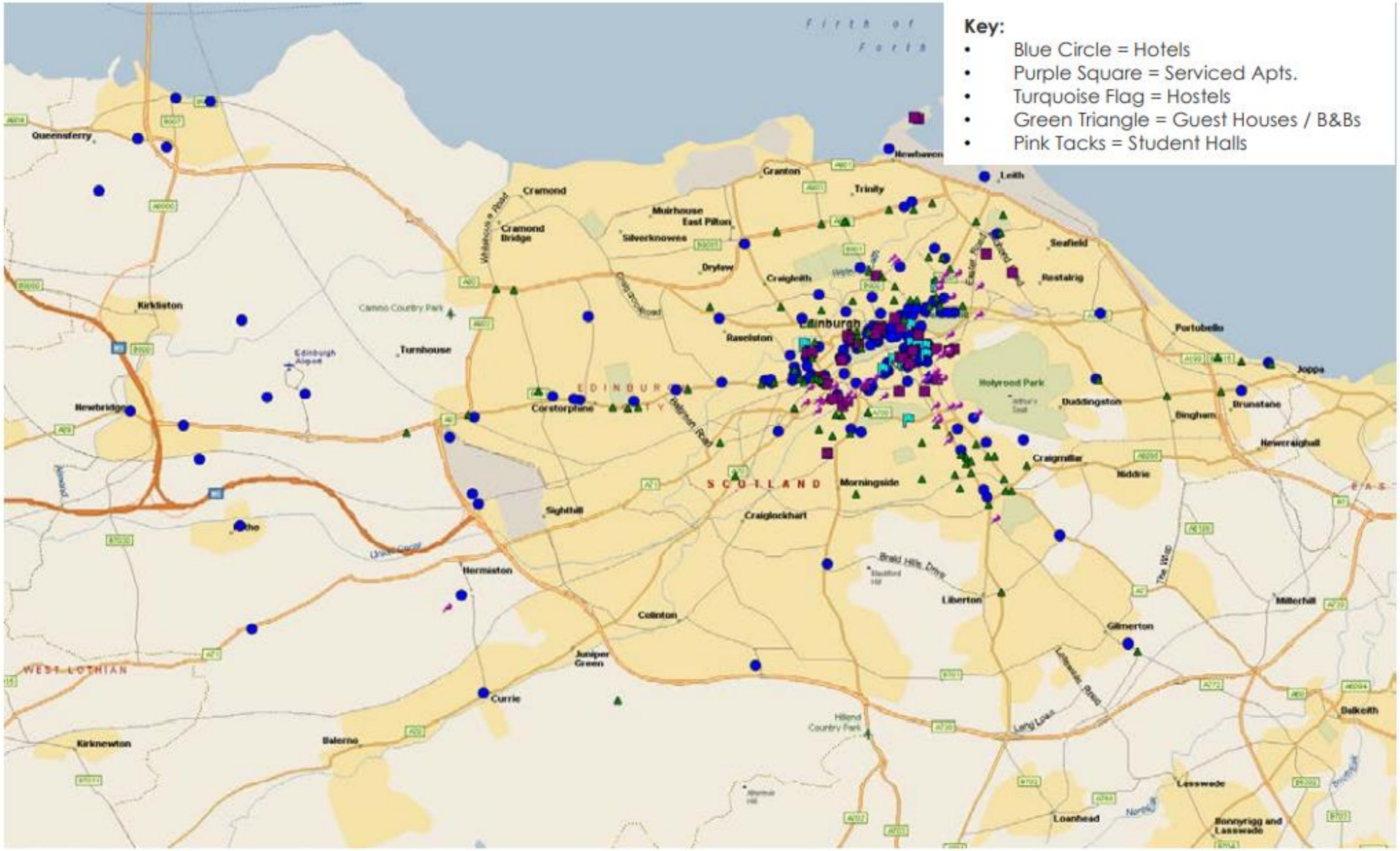
• The Edinburgh Grand (2018, 50 bedrooms);
• Mode Apart-hotel (2018, 82 bedrooms);
• Eden Locke (2017, 72 bedrooms);

The study identified seven pipeline serviced apartment schemes in Edinburgh at 2019, representing an increase of 520 bedrooms.

Out with term time student accommodation can provide short-term accommodation suited to visitors. There were 37 student halls identified by the study in Edinburgh, 35 of which are available to rent during summer (nine are exclusively let during the festivals in August). These provide self-catering managed accommodation within purpose built units.

Map 5 below shows the distribution of visitor accommodation in Edinburgh. Visitor accommodation is concentrated in the city centre, with a considerable spread across the city.

Map 5: Distribution of Current Visitor Accommodation Supply in Edinburgh 2019

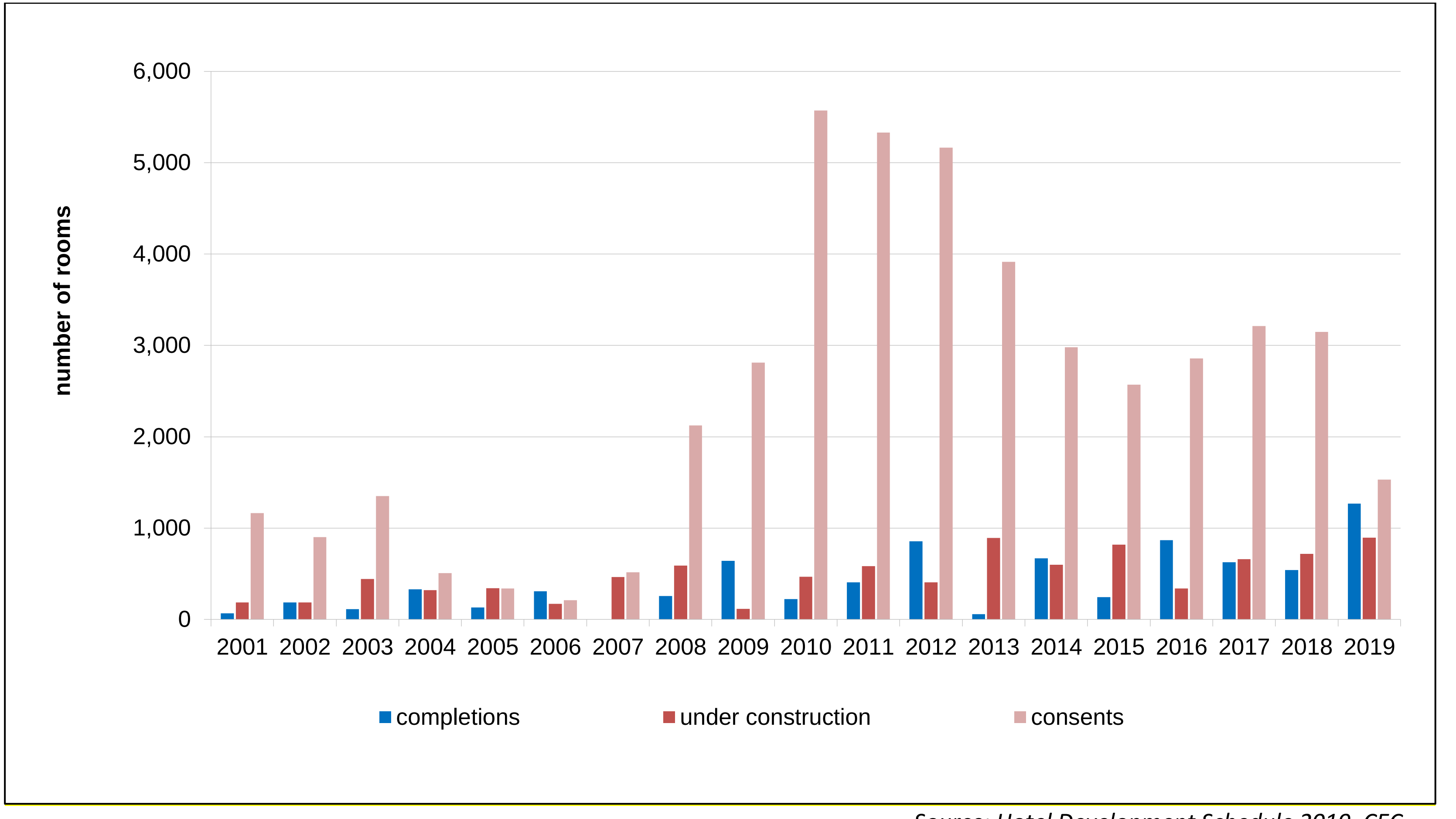


Source: GVA / Microsoft MapPoint. Extracted from Edinburgh Visitor Accommodation Sector Commercial Needs Study, January 2019, Ryden

The study reported that future demand prospects for the visitor accommodation sector to 2030 appear positive due to a number of key factors, including several large regeneration projects (e.g. Edinburgh St James), the forecast growth of passenger numbers at Edinburgh Airport (projected to double by 2030) and the continuing strength of the city's business, conference and tourism sectors. This is matched by strong demand from brands, operators and developers in the visitor accommodation sector for new and / or additional supply in Edinburgh. A survey carried out as part of the study, with some of the leaders in the sector, highlighted overwhelming interest in such opportunities.
The Edinburgh Local Development Plan, November 2016 supports hotel development in the city centre, Edinburgh Airport, Royal Highland Centre and the International Business Gateway and other locations within the urban area with good public transport access to the city centre. Choices for City Plan 2030 proposed to support new hotel provision in local, town, commercial centres and other locations with good public transport access throughout Edinburgh in the next Local Development Plan.

Since 2012, 24 hotels have opened in Edinburgh, adding 3,139 bedrooms to the market; a 23.8% increase in supply. Hotel stock is expected to continue to increase with 61 hotels and extensions (totalling 6,338 bedrooms) identified in the planning pipeline at 2019. Figure 6 below shows the status of hotel development since 2001.

Figure 6: Hotel Development 2001-2019



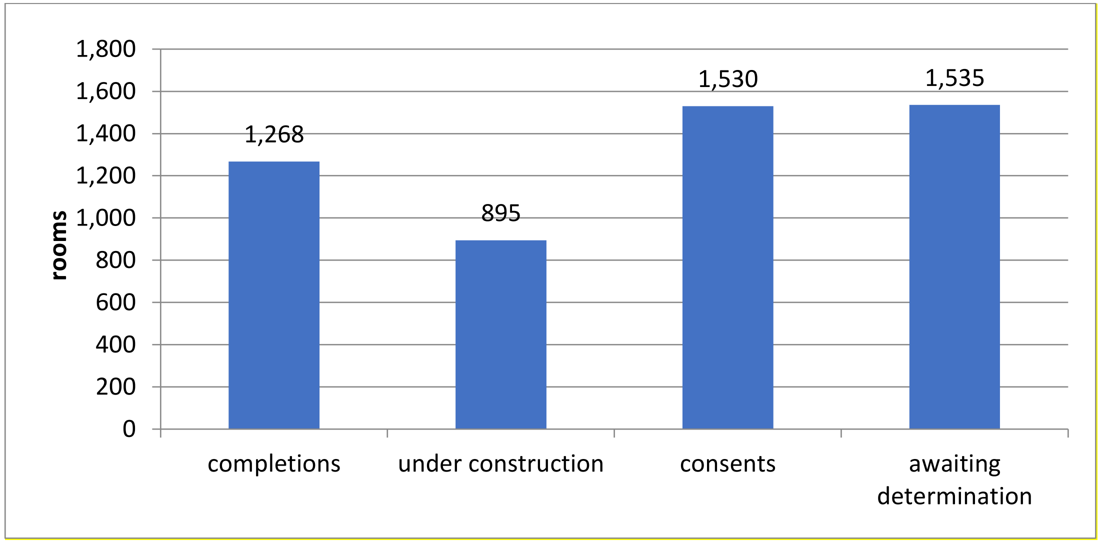
Source: Hotel Development Schedule 2019, CEC

Hotel stock is expected to continue to increase with 61 hotels and extensions (totalling 6,338 bedrooms) identified in the planning pipeline at 2019.

1,268 rooms were completed in 2019, 895 were under construction and consent had been granted for another 1,530. Of these, 1,300 were new build, 140 were change of use and 90 were extensions. There were also 1,535 rooms still awaiting determination. These developments included some significant activity:

- A 235 room Leonardo hotel at Victoria Street/Cowgate.
- Consent was granted for a 131 room Leonardo Hotel in Jeffrey Street.
- A 149 room Point A hotel opened on Morrison Street
- A 280 room Yotel opened on Queen Street.
- A 230 room Marriott Moxy opened at Edinburgh Airport.

Figure 7: Hotel developments in Edinburgh 2019



Source: Hotel Development Schedule 2019, CEC

Purpose built tourist accommodation in the form of hotels, hostels, apart hotels, guest houses and bed and breakfasts is readily available throughout the city. Along with student halls, which provide visitor accommodation at key times of the year, this accommodation is better suited to meeting the vast majority of tourism needs in Edinburgh while balancing its impacts on neighbourhoods. Short-term lets will continue to have a small role to play in addressing visitor accommodation. It is appropriate to control short-term lets to ensure that they are only allowed in appropriate locations and circumstances.

Background reports

- Report to Corporate Policy and Strategy Committee, 7 August 2018, Short-term Letting in Edinburgh
- Report to Planning Committee, 2 September 2020, Short-term Letting in Edinburgh
- Report to Corporate Policy and Strategy Committee, 14 May 2019 Short Term Letting in Edinburgh Update
- Housing Need and Demand Assessment
- Edinburgh Visitor Accommodation Sector Commercial Needs Study, Ryden, January 2019
- Hotel Development Schedule 2019, CEC
- Research into the impact of short-term lets on communities across Scotland, Scottish Government, October 2019