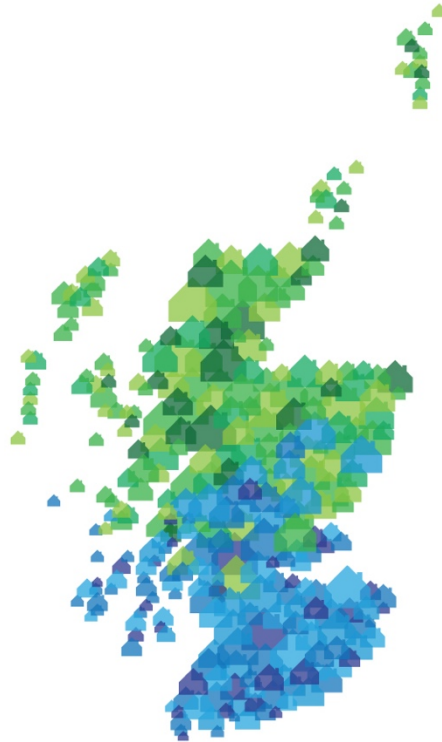


Short-Term Rental in Scotland: White Paper and Policy Recommendations



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FORWARD

The short-term rental sector has recently been the subject of increasing political and media criticism.

The Association of Scotland's Self-Caterers (ASSC) is delighted to be able to offer some policy recommendations to Scottish Government, Local Authorities and other bodies, in order to resolve the perceived problems associated with the sector.

Current Considerations:

Scottish Government and City of Edinburgh Council have expressed concerns over STR and are looking for possible solutions. The ASSC is delighted to be a part of this process and looks forward to working with all working groups to find a sustainable future for the sector, within a wider housing and tourism context.

The Association of Scotland's Self-Caterers

Founded in 1978, the Association of Scotland's Self-Caterers (ASSC) is the leading source of knowledge on short-term letting and holiday homes in Scotland. The ASSC is the only trade body representing the interests of the traditional self-catering sector. It has more than 650 Members, operating in excess of 7,000 self-catering properties throughout Scotland, and has close links with other European countries, as founding members of the European Holiday Homes Association (EHHA). The ASSC commits its members to maintaining the principles of "quality, integrity, cleanliness, comfort, courtesy and efficiency" and to offering visitors to Scotland consistently high standards within their self-catering properties. The ASSC's vision is to place our members at the forefront of a professional, vibrant and prosperous Scottish self-catering sector.



EXECUTIVE SUMMARY

Short-term rental generates significant value for Scotland's economy and assists in fulfilling visitor demand, offering an authentic experience for tourists.¹ However, it has been argued that the short-term letting in city centres in particular has negatively impacted on residential living. In response to such concerns, the ASSC has produced a Code of Conduct for short-term let operators to encourage best practice, and help strike an appropriate balance between accommodating tourists and the needs of residents.²

The ASSC wants to engage with policymakers, both locally, and nationally, to find proportionate and workable solutions to problems raised on short-term lets, ensuring that the growth of the sector is balanced, sustainable and successful.

For additional data, please refer to the ASSC commissioned study by Frontline Consultants, *Far More Than Just Houses*, which provides an evidence base on short-term lets in Scotland.³ This report provides data to dispel the negative myths surrounding STR and demonstrates how the STR sector is benefitting Scotland.

Information exchange across all parties, policy-makers, businesses and collaborative economy platforms is crucial and this study confirms this is occurring and should continue to ensure the sustainable growth of the tourism economy in Scotland.

The ASSC has identified a framework within which it believes the short-term rental / self-catering sector should be defined. These policy recommendations include the adoption of a self-regulatory Code of Conduct by all players, a registration scheme, and licencing in pressure zones. We believe that this industry led framework will not negatively impact this vital sector of Scottish tourism, and ensure a balance is maintained between visitors and local communities.

¹ For background information on the economic value of the traditional self-catering sector in Scotland, see Frontline Consultants., *Economic Impact Assessment of Short-Term Lettings on the Scottish Economy* (2017). Url: https://www.assc.co.uk/wp-content/uploads/2017/09/ASSC_Economic_Impact_Assessment_of_Short_Term_Lettings_on_the_Scottish_Economy_-_Final_Report_v1.2.pdf

² ASSC., 'ASSC launches Code of Conduct for Traditional Self-Catering Sector'. Url: <https://www.assc.co.uk/about-us/code-of-conduct/>

³ ASSC., 'Far More Thank Just Houses: The Benefits of the Short-Term Rental Sector to Scotland' Url: <https://www.assc.co.uk/about-us/the-benefits-of-short-term-rental-in-scotland/>



PART 1

The Importance of Evidence-Based Data – Far from Just Houses: The Benefits of the Short-Term Rental Sector to Scotland

The ASSC believe that any policy decision is underpinned by data, and as an Association, working with other tourism bodies – including the Scottish Tourism Alliance and UK Hospitality – we will continue to deliver as much data as possible to inform local authorities and Scottish Government. Given that we live at a time in which wrong or inaccurate information is easier than ever to spread and truth is at a premium, we continue to try to address some of the inaccuracies surrounding our industry and set the record straight.

In order to challenge some of the prevailing narratives, the ASSC commissioned Frontline Consultants to produce an evidence-base to investigate these criticisms head-on and demonstrate the sector's impact on key areas across Scotland in 2018. *Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland* brings together serious research to demonstrate the real impact of the industry in Scotland.

This comprehensive piece of work also looks into other areas of short-term rental in Scotland, including its impact on housing supply, tax, and society. Frontline's research has shown that:

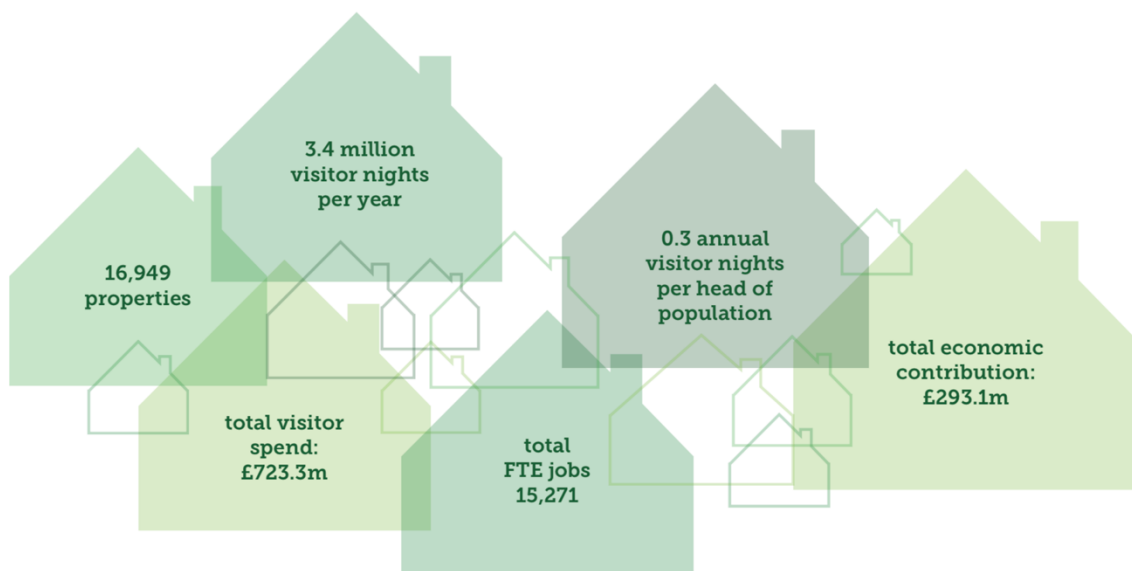
- **STR is a major component of Scotland's growing tourism offering, making a substantial contribution to the tourist economy.** Any regulations pursued by the Scottish Government should be arrived at through negotiation and dialogue with platforms and traditional operators, learning from best practice elsewhere in Europe
- **STR cannot be blamed for exacerbating the housing crisis as other longstanding issues are of far greater significance** (i.e. the number of empty properties in Scotland, or the failure of governments to build sufficient levels of affordable housing)
- **Traditional STR operators do not have an incentive to avoid tax and all survey respondents confirmed paying some form of tax.** Airbnb data suggests a similar lack of incentive for hosts who have average earnings below the tax thresholds
- **The STR sector is not a driver of anti-social behavior in Scotland** as the number of recorded complaints are negligible in comparison to the number of self-catering units/properties let
- **The STR Sector has seen a similar level of growth in other European cities and many countries are embracing STR,** implementing systems and legislation to make it simpler for their citizens to operate in this sector.



Short-term letting in Scotland's cities generates significant spend, particularly so in Edinburgh. Edinburgh's Tourism Strategy 'Edinburgh 2020' headline objective is "To increase the number of visits to the City by one third". The ASSC considers that short-term letting has a significant part to play in achieving this objective.

Short-term rental offers numerous advantages:

- self-employment
- fostering local economy
- widening consumers choice
- contribution to national tourism strategies via local community



PART 2:

Negative Press

- Unfortunately, despite all the evidence to the contrary, the Scottish self-catering and holiday let sector remains a target of an increasing level of negative media coverage. We have pushed back against this tide with opinion pieces and letters published in national newspapers and appearances on BBC Scotland radio shows, alongside our programme of targeted MSP engagement.
- Much of the negative coverage we face continues to be driven by the emotive 'Homes First' campaign conducted by Scottish Green MSP Andy Wightman. Some of his claims include:
 - Short-term lets contravene residents' human rights;
 - The growth of short-term lets in Edinburgh is impacting housing stock;
 - Local communities are being displaced by Airbnb flats; and
 - Residents are subject to anti-social behaviour from holidaymakers.
- Wightman's regulatory solution is to reform planning laws to prevent short-term letting in certain areas.

The Impact on Housing Stock

There have been concerns raised over the impact of increasing tourism and the growth of STR on the housing market. A review of the housing market environment has been undertaken to understand the factors driving market demand and supply, and to ascertain whether these concerns are valid.

- *There are 9,600 properties on the Airbnb platform.*
- *This represents 2.5% of Edinburgh housing stock.*
- *Of this 2.5%, 59% are entire properties.*
- *Of the 2.5%, just 9% let the property out for over 180 nights per annum.*
- *There are 2,065 traditional self-catering properties on the Business Rates role.*
- *This represents 0.5% of Edinburgh housing stock.*
- *How many of these properties use Airbnb as a route to market, resulting in duplicated statistics?*
- *Across Scotland, there are **16,692** professional self-catering properties.*
- *This compares to **79,000** empty homes according to National Records.*
- ***Essentially, there are almost five times as many empty homes in Scotland as there are self-catering units, and there should be more attention given to occupying vacant homes than suggesting self-catering units are adversely affecting local housing markets.***

The imbalance in demand and supply is particularly apparent in areas which have the twin issue of natural change (more births than deaths) and net-migration (where inward migration is greater than outward migration). The City of Edinburgh is an example of one such local authority that is witnessing the dual impact of an increasing indigenous population, as well as an increasing level of net-migration.



City of Edinburgh Council's Strategic Development Plan (SES Plan) recognises that delivering housing is vital to ensure the future prosperity of the area. However, annual completions in Edinburgh (across both the private and public sectors), only reached 2,311 during the year ending September 2017. **This is half the amount needed if it is to meet the SES Plan's target of 22,300 homes for Edinburgh City by 2019; this lack of build is a key driver of the housing shortages in Edinburgh.**

Ultimately, building too few homes remains the core cause of the country's housing crisis.

'Exponential Rise' in Airbnb Hosts''

A report by Alasdair Rae which showed that 9,638 properties were listed for short-term let in Edinburgh on AirBnB in September 2017, an increase of 54% in just over a year from 6,272 in July 2016. But It is vital that this is seen in a realistic context.

- How many of those hosts are new to the industry?
- How many are letting their primary residence out for a week or so a year while they are on holiday?
- How many are renting a room in their home?
- How many are letting out entire properties on a commercial basis, 365 days a year?
- How many are traditional operators who now use Airbnb as an additional route to market?

Until this data is identified, using a generalised percentage to illustrate the increase is not helpful.

PART 3:

Anti-Social Behaviour

According to Edinburgh City Council, there were a total of 39 complaints associated with STR reported between 2015 and 2018.

The number of complaints was negligible in comparison with the number of self-catering units and bed nights available.

However, tackling some of the concerns associated with STR, in relation to public nuisance or noise, can be addressed through enforcement of existing powers available to local authorities. This includes:

- **Part 7 of the Antisocial Behaviour etc. (Scotland) Act 2004** enables local authorities to serve an Antisocial Behaviour Notice on a private landlord when an occupant or visitor engages in antisocial behavior at, or in the locality, of the property.
- The Scottish Government introduced the **Antisocial Behaviour Notices (Houses Used for Holiday Purposes) (Scotland) Order 2011** that granted local authorities the power to deal specifically with the problem of antisocial behaviour in properties let for holiday use.⁴

In respect of the latter, note the comments made by the Scottish Government's Minister for Local Government and Housing:

"Local authorities have quite comprehensive powers to deal with antisocial behaviour and noise nuisance; I expect them to use those powers effectively...I challenge local authorities to consider using it [Order 2011] and other antisocial behaviour powers, as well as the powers in relation to noise and environmental health that are currently at their disposal... The powers may not be being applied properly, which might be the difficulty in all this...Under the order that I mentioned, the antisocial behaviour notice is served not on the people in the property who are causing the problem but on the landlord. That is extremely important. Folk having left a property should not affect in any way, shape or form the serving of a notice on the landlord."⁵

In conclusion, there is no evidence to corroborate antisocial behaviour as a problem which is exacerbated by the STR market.

⁴ As an aside, City of Edinburgh Council has successfully used existing legislation to apply for a Management Control Order for two 'party flats' in Grove Street. This allowed them to assume all landlord responsibilities for a period of 12 months.

⁵ Scottish Parliament., *Official Report*, 08/11/17. Url: <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11177&i=101894&c=2036686#ScotParlOR>



PART 4:

Regulation:

Existing Regulation for Professional Operators

The current campaign against short-term lets in Scotland frequently asserts that such properties are not subject to sufficient levels of regulation.

However, contrary to what is widely assumed, it is important to recognise that professional operators and the self-catering sector are already subject to numerous regulations. The ASSC provides comprehensive Guidance Sheets and advice on regulations and best practice to its members.

Code of Conduct for Self-Catering / Short-Term Rental Operators

The ASSC launched a Code of Conduct in 2017, aimed at improving standards in the industry and encouraging best practice.

The Code was developed alongside a Scottish Government study into the Collaborative Economy and was published alongside a Policy Recommendation Paper which sets out how the vital self-catering sector in Scotland can be improved for customers, hosts, and all others involved.

ASSC launched its Code of Conduct in association with the Short-Term Accommodation Association (STAA), which has also developed a policy paper looking into improving working life for platform hosts. During the process of drafting both the policy document and the Code of Conduct, ASSC and STAA worked together in close collaboration, for the benefit of all parts of the industry.

Much care and attention has been paid to ensure that the ASSC's Code of Conduct reflects the organisation's core principles of quality, integrity, cleanliness, comfort, courtesy and efficiency in each of its points. The Code of Conduct is also particularly important as it has replaced ASSC's previous Charter and is now part of the Members Operating Agreement, which all ASSC members are obliged to meet.

The Code of Conduct will address many of the emerging concerns about the collaborative economy and its perceived lack of regulation.

In city centres, the Code will clarify the responsibilities of short-term let operators, give guests confidence that a property is safe to stay in, and provide local authorities with a robust tool to help tackle any problems.

Code of Conduct: Main Points

In order to contribute pro-actively to the ongoing protection of consumers, the industry has incorporated the following pledges into its Code of Conduct:

- ensure that contact information is clearly visible on their websites;
- provide guests with dedicated contact details to register complaints or report any issues during their stay;
- ensure that terms and conditions are easily available on their websites, including cancellation policy and security door housekeeping deposits
- protect the personal data of guests in accordance with data protection and privacy law;



- undertake regular Fire Risk Assessments and show due diligence with regards to fire safety;
- comply with all health and safety standards which apply to short-term letting in the relevant jurisdiction, and to show a duty of care;
- provide guests with information on how to exit the building safely in case of emergency and emergency services numbers;
- delist guests who have been proven to be in serious breach of their terms and conditions, for example committing fraud or causing major damage;
- have in place relevant insurance protection including public liability;
- ensure that the booking process covers terms of rental, to include:
 - Maximum number of occupants
 - Minimum age for lead guest
 - The lead guest to be responsible for any nuisance or damage
 - The apartment rental is for holiday (or business) purposes only and any other use, including parties, is by prior permission only
 - Visitors are not permitted to the apartment without prior permission

Self-Regulation: The Highway Code

There may be concerns that a self-regulatory framework would not be sufficient.

The Highway Code is a set of information, advice, guides and mandatory rules for all road users in the UK. Its objective is to promote road safety. It includes information on vehicle maintenance, licence requirements, documentation, penalties, and vehicle security. Any failure to comply with the Code is not an offence in itself, but can be taken into account by a court. The mandatory rules reflect the Statute Law, which may (and usually does) provide a separate penalty. Certain rules in the Highway Code are legal requirements and are identified by the words 'must' or 'must not'. Also included are advisory rules with wording 'should' and 'should not' or 'do' and 'do not'.

The ASSC Code of Conduct operates within similar principles and should be seen as a grass roots solution to many of the perceived issues. The Code of Conduct encourages best practice and sign posts to legal and best practice compliance. The ASSC offers a library of Guidance Sheets to provide an operator with everything they need to operate a professional business.



PART 5:

Planning (Scotland) Bill Amendments

Amendments 44 and 45, submitted by Andy Wightman MSP to the Planning (Scotland) Bill, attempt to use planning law to regulate second homes and short-term lets in Scotland. Amendment 44 attempts to define that any property being used for any other purpose than as the primary residence of the owner would result in a material change in the use of the building and require planning consent. Amendment 45, however, is much more timid. It attempts to define only that 'short-term holiday lets' involve a material change of use, which is not consistent with legal opinion sought by the Association of Scottish Self-Caterers.

Both amendments allow, by use of Scottish Statutory Instruments, the Scottish Government to interpret the meaning of 'holiday home' or 'short-term rental' with no guidance of how to interpret these terms.

Andy Wightman has justified his amendments by the impact of short-term lets on housing stock which has proven to be untrue – Professional short-term rentals represent .5% of the housing stock in the city of Edinburgh. Using Airbnb in Edinburgh as a case study: their properties represent 2.5% of the housing stock of which only 59% are entire properties, and 9% are available for over 180 days of the year. This is a negligible amount of the housing stock, and cannot be proven to be having a serious impact on local housing markets, contrary to Andy Wightman's claims.

It is the view of the ASSC that the approach taken by Mr Wightman is disproportionate to the problem. There is a complete lack of evidence of a problem outwith the perceived problematic areas in specific areas of Edinburgh. It is hard to comprehend how a Scotland-wide solution should be imposed simply to deal with one geographic problem. Even if one accepts that a problem exists, the requirement for anyone in Scotland wishing to operate a self-catering premises to obtain planning permission, is disproportionate.

The Scottish Government have established a cross Scottish Government **Short Term Lets Delivery Group** to look at the existing powers local authorities have and to determine if further measures are required. While this process is ongoing, **it would be premature to make radical and sweeping changes to the current regulation and management of short-term lets.**

The *Far More Than Just Houses* report, produced by Frontline on behalf of the Association of Scotland's Self-Caterers, has assessed the impact of short-term rentals that can inform policy makers. Andy Wightman's amendments, however, do not reflect these findings and are not informed by adequate evidence led data.



City of Edinburgh Council Licencing Scheme

City of Edinburgh Council have published their **Corporate Strategy and Policy Committee Report** on Short Term Lettings which sets out the powers currently available to the Council, as well as what they intend to seek from the Scottish Government to address key concerns.

It outlines six broad strategic concerns regarding complaints on STLs: impact on housing supply; erosion of community; unsuitability of STLs in tenemental properties; lack of a level playing field in adherence to safety standards; noise and anti-social behaviour; and potential for tax evasion. It states that complaints "can no longer be sustained and require urgent action at local and national level."

While the report notes the existing powers at the disposal of the Council – from planning enforcement to anti-social behaviour notices – it argues that there are no powers available to enable the Council to license or register short term lets.

The Council's preferred method of introducing a new licensing system for STLs is through Section 44 of the 1982 Act which confers powers on Scottish Ministers, by means of Statutory Instrument, to introduce activities for which a licence will be required. This order would allow local authorities discretion as to whether to introduce a licensing scheme.

The Council's preferred method of introducing a new licensing system for STLs is through Section 44 of the 1982 Act which confers powers on Scottish Ministers, by means of Statutory Instrument, to introduce activities for which a licence will be required. This order would allow local authorities discretion as to whether to introduce a licensing scheme.

In terms of the preferred licensing system proposed:

- A license would be required for both operators and individuals
- This would include a fit and proper test (i.e. background checks)
- The local authority would have control over the number of properties licensed
- A health and safety check would be required
- The location, character and suitability of properties would be relevant (this means that tenement properties could be deemed "not suitable")
- A license would be required for "anyone operating a property on a commercial basis or in excess of 45 days" (commercial is not defined in the document, nor does the report state why 45 days was chosen).

If it is the Scottish Government's view is that regulations under Section 44 are not feasible, then the Council would like the 1982 Act to be amended "at b [sic] first available opportunity" through primary legislation.



ASSC's position on the proposal

The approach taken by the Council stands in stark contrast to the balanced approach taken by the Scottish Government's response to the Expert Panel on the Collaborative Economy and their commitment to evidence- based decision-making.

Overall, the report:

1. Fails to properly assess the existing evidence base/available data on short-term lettings, particularly on housing supply issues.
2. Fails to adequately consider the significant economic impact the proposed measures could have on the city's tourist economy and the role of STRs/self-catering in providing additional accommodation, especially during peak seasons.
3. Fails to provide an explanation as to how the 45day figure was arrived at in terms of the preferred licensing model.
4. Fails to acknowledge the existing Code of Conduct produced by the ASSC and STAA.

In addition, many of the examples in appendix of other cities' experience of STR regulation are based on outdated information.

PART 6

The European Perspective

1) Unlawful Restrictions

The European Holiday Homes Association lodged a complaint to the European Commission regarding unlawful restrictions on the short-term rental sector in Europe in 2016.

The European Holiday Home Association (**EHHA**)⁶ submitted a complaint to the European Commission challenging the patchwork of regulations being adopted across Europe which is in danger of stifling the short-term rental sector.

This sector brings significant benefits to:

- Tourists in terms of choice, competitive prices and the chance of experiencing places in new and exciting ways;
- Owners and tenants, including managing their cost of living and unleashing individual entrepreneurship;
- The wider economy in terms of jobs and growth; and
- The environment, as existing resources are better used in place of building new ones.

These benefits have been recognised in the European Commission's own Collaborative Economy Communication and its wider Digital Single Market agenda.

While the restrictive regulations differ between regions and cities, their common core is that they place excessive burdens on:

- Owners and tenants who wish to let their properties; and
- Platforms which allow travellers to find the short-term lets that meet their needs.

These regulations are in breach of EU law because they make it unnecessarily difficult to provide short-term rental services in Europe.

The EHHA chose to focus on particularly excessive regulations in four significant tourist destinations – Barcelona, Berlin, Brussels and Paris – although these are not the only cities or regions with excessive regulation.

For example, in Barcelona there is a prohibition on short-lets of single rooms as opposed to whole apartments. Meanwhile, in Berlin it is almost impossible to get authorisation to make a short-term let of more than half of a property. In Brussels there are very detailed hotel-like restrictions on short-term lets, even down to the specific lighting levels and number of hangers in a wardrobe. In Paris it is almost impossible to rent a secondary residence as short-term let due to the need to make a "compensatory measure", i.e. freeing up another property for residential use. This means that many secondary homes are forced to remain empty over long periods rather than be used to attract visitors to Paris and boost the local economy.

These regulations conflict with a number of key aspects of EU law including the fundamental freedom to provide services and freedom of establishment at Articles 56

⁶ The European Holiday Home Association was founded in 2013 to give a voice to the short-term rental industry. The EHHA's members range from associations representing private house owners to managers' associations and digital platforms. Its members operate in all the European Union countries. The core of the association is the distribution of short-term rentals in private houses and apartments.

and 49 respectively of the Treaty on the Functioning of the European Union, which are further developed in the Services Directive⁷. The purpose of the Services Directive is *“to remove barriers to the freedom of establishment for providers in Member States and barriers to the free movement of services as between Member States and to guarantee recipients and providers the legal certainty necessary for the exercise in practice of those two fundamental freedoms of the Treaty”*⁸.

Such services clearly include the letting of properties for short-term rental purposes, including the support offered by platforms which match tourists and accommodation across Europe in a highly cost effective manner.

In addition, some of the excessive regulations are in breach of the E-Commerce Directive⁹, which is designed to protect online platforms from unduly onerous obligations.

The EHHA also understands that Member States have failed to notify these excessive regulations to the Commission, as they are obliged to do so under EU law. This pre-notification process is a helpful safeguard against excessive regulation, which must be observed by Member States.

The EHHA urged the Commission to take action.

2) Article 17 of the Charter on Fundamental Rights – Right to Property

Article 17 of the Charter on Fundamental Rights highlights the fundamental right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law

Articles 9 (Authorisation schemes), 10 (Conditions for the granting of authorisation), 13 (Authorisation procedures), 16 (Freedom to provide services) of the Service Directive state that Member States cannot impose an authorisation scheme if it is not **Justified by an overriding reason of general interest**.

Following the EU Treaty and the Services Directive, overriding reasons of general interest relevant to short-term accommodation rental services can be:

- social policy objectives such as ensuring the availability and affordability of local housing;
- the protection of the urban environment;
- public security;
- the protection of consumers;
- ensuring tax compliance and effective fiscal supervision.

EU Treaty and the Services Directive state that justifications for imposing policy and regulatory restrictions on short-term accommodation rental services shall be supported by **clear evidence** that the general interest needs to be protected; and **evidence of the link** between short-term accommodation rental services and the protection of the general interest. **Both of these forms of evidence are usually missing.**

⁷ The Services Directive and information about it can be found [here](#).

⁸ Services Directive, Recital 5

⁹ The E-Commerce Directive and information about it can be found [here](#).



The EU Directive states that an authorisation (licensing) scheme can only be implemented under certain circumstances: to treat issues locally, if these issues are justified by an overriding reason of general interest. In these circumstances, a registration/authorisation (licensing) scheme must be simple, fast, easy to complete, the criteria should be clear, objective and transparent.



This is a Global Issue

These are issues being looked at on in destinations throughout the world. It is critical that Scotland gets this right, and is able to provide a blueprint to the rest of the world.

Following the recent European Holiday Homes Association General Assembly, the ASSC believes a proportionate solution is possible.

Portugal's association representing the self-catering / short-term rental sector, ALEP (Association of Leasehold Enfranchisement Practitioners) presented their recent research: "Short-Term Rental Public Affair Approach to Urban Regulation Pressure Portugal"

Common Issues identified:

- Growth of tourism
- Global trend in investment in property
- Increasing house / rent prices
- Hotel associations lobbying against STR (HOTREC)
- Residential security fears
- Neighbour conflicts
- Gentrification: urban transformation
- Increase in populism in politics

It has been claimed that STR is the root of all the above problem. It was deemed to be imperative that data was sought, as they recognise that they are at a policy crossroads.

They sought indicators on measuring '**pressure zones**' within a city with perceived problems.

Areas for Pressure

- Should legislation be brought in, it must be an exception, only in proven 'areas of pressure'
- There should be clear rules and transparent regulation
- Pressure has to be proved and defined by objective indicators of STR, housing, prices for levels of pressures and levels of restrictions.
- Restrictions should be smart, not prohibitive.

Case Study:

In Arroios, an area in Lisbon, the following pressure zones can be identified:

- There are 21,129 homes in Arroios (neighbourhood of Lisbon)
- 1,621 are STR (8%)
- 4,188 are empty homes
- 6,812 represent a combination of second and empty homes.
- This suggests that 32% of homes are not used as primary homes

As a macro-indicator, ALEP investigated the relationship between STR and properties not used as primary residences. In other words, how much of the available housing stock is being used by STR (rooms in an owner's house excluded).

ALEP looked at key destinations across Portugal, and specific destinations within those areas. Similar results manifested in all areas.

Alep's proposal for Lisbon:

Gradual and Proportionate Regulation Proposals:

- 1) In High Pressure Areas (Red): where STR represents more than 60% of 2nd homes and empty properties

Proposal:

- exclude situations that do not affect housing, rooms in 1st homes, transforming previously serviced /commercial properties into housing
- Understanding the need to respect new restrictions, and requiring an annual revaluation

- 2) In Growth Management Areas (Orange): where STR represents more than 30% of 2nd homes and empty properties

Proposal:

- Exclude situations that do not affect housing
- Create a growth (new registration) annual limit based on regular applications that receive a system of points based on public policy to avoid pressure zones. eg an empty house gets more points / a long-term rent gets less points
- The first ranked get the available licences
- As this is a city regulation, the system must be public and subject of public debate before implementation.

- 3) Monitor "pre-boom" areas (Yellow): where STR represents more than 20% of 2nd homes and empty properties

Proposal:

- Prepare micro studies to be prepared for the next stage
- Still free registration areas, with no restrictions

- 4) Free (Orange): where STR represents less than 20% of 2nd homes and empty properties (18 in 24 neighbourhoods in Lisbon)

Proposal:

- Fee and simple registration scheme
- No restriction

This approach offers a way of being a pro-active part of the solution.



PART 7

The ASSC Policy Recommendations for Scotland:

Existing Regulations:

ASSC proposes that all collaborative economy platform hosts should adhere to the pre-existing regulations in place for professional short-term rental operators.

Operators, whether professional or peer-to-peer, must have full public liability insurance as well as specialist holiday home insurance, and comply with regulations including fire safety, carbon monoxide detectors, gas safety certificates, and so on.

Self-Regulatory Code of Conduct:

The ASSC recommends that Scottish Government, Local Authorities, VisitScotland, Short-Term Accommodation Association and their collaborative economy platform members distribute information that the STAA and ASSC Codes of Conduct are required to be adhered to. People wanting to operate STR should be signposted to the ASSC for advice and support, thus not impacting on Local Authority or other resources.

The ASSC recommends that:

- Platforms build a check-list system into their registration/management system which they should actively enforce by requiring hosts to confirm that they are complying with their obligations/the required regulations.
- The ASSC recommends that it should be the go-to organisation that hosts and operators can go to/get directed to by local authorities, online platforms and other agencies to get advice, support and information and who will promote best practice.

Registration:

The ASSC recommends that a registration scheme is implemented in any local authority that deems it necessary. A registration scheme is free, simple and does not require authorisation. Any person offering short-term rental (outwith sharing 50% of their primary residence or their primary residence 50% of the year) should register, with no attributable legal compliance, and be signposted to an Association that can advise on legal compliance and best practice (ASSC). This would assess the level of STR in any specific region.

Licensing:

Using the ALEP proposal of a traffic light scheme, in line with compliance to EU Laws on Service Provision, and in accordance with Articles 9 (Authorisation schemes), 10 (Conditions for the granting of authorisation), 13 (Authorisation procedures), 16 (Freedom to provide services) of the Service Directive state that Member States cannot impose an authorisation scheme if it is not justified by an overriding reason of general interest, the ASSC would fully support a licensing scheme in any localised and identified pressure zones.