



## Scapegoating Short-Term Lets Won't Solve the Housing Crisis

There's a housing crisis in this country. Scotland, and we just don't have enough houses available to meet the needs of our population. This lack of housing represents one of the biggest challenges that we face as a country and, without doubt, something must be done about it – and soon. It is simply too important a problem to be allowed to get much worse.

However, before we can begin to resolve this situation, we must understand how it came about in the first place. If our medicine is to work, and for future generations of Scots, it must, we have to understand how the patient became ill and what their symptoms are.

Sadly, in the context of the housing crisis, this is where our politicians and pressure groups make a huge mistake as they continually misdiagnose the problem and how it came about. For whatever reason, some opinion-makers have decided that there is a direct relationship between the number of short-term lets in Scotland, especially in Edinburgh, and the housing crisis.

Whether they are spurred on by their own self-interest, or politically motivated reasoning, or in some cases, the need to feel relevant, their diagnosis is the same – short-term lets have caused the housing crisis. No ifs, no buts (and nothing to do with housing cuts).

Far from being just an innocent mistake, the promotion of this falsehood has serious implications. For the same reason that a misdiagnosis has serious ramifications for a patient. Without meaningful action, things will get worse.

Short-term lets are often presented as being a leading cause of Scotland's housing crisis. However, it is important to place the debate in a holistic context – for instance, noting the number of empty homes in Scotland, demographic changes, and the need to build more homes – while recognising the value of tourist accommodation to the Scottish economy and local communities.

Self-catering properties are **legitimate, bona fide businesses** whose owners depend on the money generated for their livelihood – it is not a hobby or a way to supplement their income. Underpinning any decision to regulate the short-term let sector is the need for **robust, empirical data**.

People get extremely anxious about numbers. Let's look at the number of SCUs in beautiful Crail. Today, there are 54 SCUs on NDR in Crail. These are recognised businesses, registered for business rates, operating over 140 nights a year.

There is an anxiety that there is a proliferation of holiday lets and second homes. People look at Airbnb listings aghast. But how many of those are rooms in peoples' houses / a whole property rented out sporadically when the owner is away? In both these incidences, the ability to rent the property out may be vital to cover mortgage payments as we career deeper into the cost of living crisis. How many are duplicate listings? How many are B&Bs, boutique hotels, upturned boats or the infamous caravan in a tree in Aberdeen. These will never become houses for locals. In other words, looking at online listings is meaningless.

We need data. Real data. Not scraped, irrelevant data. We must lead this conversation with impartial evidence not anecdote and emotion.

The truth is that the traditional self-catering sector was worth £867million to Scotland as a whole in 2019, supporting **23,979** jobs and £32.8m to Fife. There were 91,325 visitor nights spent in self-catering properties in Fife in 2019. In Scotland, our guests spent:

- £21m in visitor attractions
- £110m on food & drink in local shops
- £129m in bars, cafes and restaurants
- £44m on other shopping and
- £33m on outdoor recreation and other sport

In a snap survey in June 2023, which garnered responses from 1225 STL operators, a concerning 61% of respondents are contemplating leaving the sector. Astonishingly, 93% of those considering leaving attribute short-term let legislation as a factor, with 56% citing it as the primary reason for their potential exit. In the event that businesses decide to leave the sector, 24% of them plan to sell their properties. 93% of these properties would not be available as affordable housing. However you look at it, that is a problem.

Back to housing, with just 18,055 Self-catering Units on Non-Domestic Rates and just 795 in Fife<sup>1</sup>, it is clear that the sector accounts for a tiny percentage of housing stock. In 2021, the number of dwellings in Fife was 180,234. Using that data, self-catering units account for a meagre 0.44% of housing stock.

In fact, according to National Reports statistics, there are five times as many empty properties in Scotland than there are self-catering properties.

The housing challenges facing Scotland are far more multifaceted than the existence and growth of short-term and holiday lets alone:

- in January 2023 there were **42,865 long-term empty homes** in Scotland. These empty homes could be utilised for far more productive purposes and provide homes for those who need.
- There were **2.67 million dwellings in Scotland in 2021. Of these, 88,300 dwellings (3%) were vacant or long-term empty and 24,000 (1%) were second homes. There are 4,800 second homes in Fife and 2153 empty homes<sup>2</sup>.**
- In St Andrews and elsewhere, we need to look at the impact of student accommodation. There are 1029 HMOs<sup>3</sup> representing 15% of households (of which there are 6861<sup>4</sup>). There are 253 second homes in St. Andrew. To put this in perspective, there are (today) 180 SCUs on NDR. That's just 2.6% of households in St. Andrews.

The Scottish Government is currently consulting on second and empty homes. The issue of second homes and self-catering units should not be conflated. They are different types of property and should be treated as such. Clear definitions are therefore imperative. **Unlike second and empty homes, self-catering properties provide multiple benefits for local communities.** While seeking to clamp down on second and empty homes, the Scottish Government must be mindful of any unintended consequences for the self-catering sector and the thousands of small businesses which form an integral part of our tourism offering, particularly in rural and remote areas.

They must be mindful of the onward supply chain: the cleaners, the service providers, the shops and restaurants that rely on our guests. The impact on visitor attractions and activity providers.

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<sup>1</sup> 30<sup>th</sup> June 2023

<sup>2</sup> June 2023

<sup>3</sup> February 2023

<sup>4</sup> Source: report to 4/5/23 meeting of Fife Council Cabinet Committee

Tourism is a force for good in rural areas as so many of you here today appreciate. Tourism is vital to the economy, to the wellbeing of our country and the **development of a sustainable future**.

What has led to the housing crisis is the fact that not enough houses have been built.

While the crisis is not the fault of any one government or party, there is blame that must be shouldered if we are to address the problem like a grown-up country.

The governments of the 1970s through to the 1980s oversaw a massive reduction in housing construction - a trend carried on through the 1990s and the 2000s by successive administrations. This is understandable as governments face competing pressures, and committing to housebuilding is a significant commitment for any government to undertake; but the facts are the facts and we've seen a reduction in housing stock and a steady increase in population. Compared to these factors, whatever increase in short-term lets there may have been in Scotland or anywhere else is insignificant.

The motivation is perfectly clear, even if it is not justifiable; it is far easier to make a scapegoat out of an industry than it is to look back on the past decades of deficient housing policy and conclude that monumental, era-defining, mistakes have been made in planning and execution. To blame short-term lets is easy, simple, and can be morphed into a moral crusade for people to get irate and indignant about. A good, hard, honest look at housing policy is difficult.

Imposing barriers or further regulating self-catering units will not ameliorate housing challenges in Scotland. While moves to tackle second homes and bring empty homes back into more productive use should be welcomed, we need a much more holistic approach: that is, developing robust policies to address empty homes, second homes, housebuilding and affordable housing without creating the unintended consequences that have been thrown up by recent regulation.

The Scottish Government must also evaluate whether existing policies, such as the onerous short-term let licensing scheme, and ill-considered planning policies such as NPF4 which leave businesses facing an existential threat, may actually exacerbate some of the very issues they are trying to solve. For instance, we are now seeing evidence that licensing could actually increase the number of second homes.

On any reasonable analysis this legislation will have a far greater negative impact on Scottish Tourism than any potential positive impact on housing.

The ASSC is not against regulation, but it is against poorly considered legislation which has far reaching negative impacts on people's livelihoods and the tourism industry.

We at the ASSC have an interest in-being represented accurately and for all the issues that effect our sector to be handled sensibly and with vision. The scapegoating in the name of finding an easy answer that we've encountered is as far removed from this as could be.

Rather than taking cheap-shots at the people who make their livelihoods and support their families in our historic industry, which is as important a part of our compelling and world-beating Scottish tourism offering as any other, policymakers and influencers would be better placed using their sway to get on with the job of building more houses for those who need them. Committing to this would be a bold and difficult decision to make but, as the old adage says, nothing worth having ever came easy.

The number of Scots who are facing housing insecurity is too high. Now is the time for action on housing stock and to stop blaming a sector whose impact on that supply is negligible. Scots deserve better and any politician who took the initiative and worked to help them would have the support of the ASSC and all of our 1700 members across Scotland.