

Business Centre G.2 Waverley Court 4 East Market Street Edinburgh EH8 8BG Email: planning.support@edinburgh.gov.uk

Applications cannot be validated until all the necessary documentation has been submitted and the required fee has been paid.

Thank you for completing this application form:

ONLINE REFERENCE 100617564-003

The online reference is the unique reference for your online form only. The Planning Authority will allocate an Application Number when your form is validated. Please quote this reference if you need to contact the planning Authority about this application.

Applicant or Agent Details

Are you an applicant or an agent? * (An agent is an architect, consultant or someone else acting on behalf of the applicant in connection with this application)

Applicant Agent

Agent Details

Please enter Agent details

Company/Organisation:	Montagu Evans		
Ref. Number:		You must enter a Building Name or Number, or both: *	
First Name: *	Lisa	Building Name:	Exchange Tower
Last Name: *	Proudfoot	Building Number:	
Telephone Number: *		Address 1 (Street): *	19 Canning Street
Extension Number:		Address 2:	
Mobile Number:		Town/City: *	Edinburgh
Fax Number:		Country: *	Scotland
		Postcode: *	EH3 8EG
Email Address: *			

Is the applicant an individual or an organisation/corporate entity? *

Individual Organisation/Corporate entity

Applicant Details

Please enter Applicant details

Title:	<input type="text" value="Mr"/>	You must enter a Building Name or Number, or both: *	
Other Title:	<input type="text"/>	Building Name:	<input type="text"/>
First Name: *	<input type="text" value="Edward"/>	Building Number:	<input type="text" value="2"/>
Last Name: *	<input type="text" value="Clerk"/>	Address 1 (Street): *	<input type="text" value="Gayfield Place"/>
Company/Organisation	<input type="text" value="Penicuik Estate Partnership LLP"/>	Address 2:	<input type="text"/>
Telephone Number: *	<input type="text"/>	Town/City: *	<input type="text" value="Edinburgh"/>
Extension Number:	<input type="text"/>	Country: *	<input type="text" value="United Kingdom"/>
Mobile Number:	<input type="text"/>	Postcode: *	<input type="text" value="EH7 4AB"/>
Fax Number:	<input type="text"/>		
Email Address: *	<input type="text" value="lisa.proudfoot@montagu-evans.co.uk"/>		

Site Address Details

Planning Authority:	<input type="text" value="City of Edinburgh Council"/>
Full postal address of the site (including postcode where available):	
Address 1:	<input type="text" value="2 GAYFIELD PLACE"/>
Address 2:	<input type="text" value="BROUGHTON"/>
Address 3:	<input type="text"/>
Address 4:	<input type="text"/>
Address 5:	<input type="text"/>
Town/City/Settlement:	<input type="text" value="EDINBURGH"/>
Post Code:	<input type="text" value="EH7 4AB"/>

Please identify/describe the location of the site or sites

Northing	<input type="text" value="674633"/>	Easting	<input type="text" value="326161"/>
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Description of Proposal

Please provide a description of your proposal to which your review relates. The description should be the same as given in the application form, or as amended with the agreement of the planning authority: *
(Max 500 characters)

Change of use from residential to short-term let (in retrospect) at 2 Gayfield Place, Edinburgh.

Type of Application

What type of application did you submit to the planning authority? *

- Application for planning permission (including householder application but excluding application to work minerals).
- Application for planning permission in principle.
- Further application.
- Application for approval of matters specified in conditions.

What does your review relate to? *

- Refusal Notice.
- Grant of permission with Conditions imposed.
- No decision reached within the prescribed period (two months after validation date or any agreed extension) – deemed refusal.

Statement of reasons for seeking review

You must state in full, why you are seeking a review of the planning authority's decision (or failure to make a decision). Your statement must set out all matters you consider require to be taken into account in determining your review. If necessary this can be provided as a separate document in the 'Supporting Documents' section: * (Max 500 characters)

Note: you are unlikely to have a further opportunity to add to your statement of appeal at a later date, so it is essential that you produce all of the information you want the decision-maker to take into account.

You should not however raise any new matter which was not before the planning authority at the time it decided your application (or at the time expiry of the period of determination), unless you can demonstrate that the new matter could not have been raised before that time or that it not being raised before that time is a consequence of exceptional circumstances.

Please refer to supporting planning appeal statement.

Have you raised any matters which were not before the appointed officer at the time the Determination on your application was made? *

Yes No

If yes, you should explain in the box below, why you are raising the new matter, why it was not raised with the appointed officer before your application was determined and why you consider it should be considered in your review: * (Max 500 characters)

Please provide a list of all supporting documents, materials and evidence which you wish to submit with your notice of review and intend to rely on in support of your review. You can attach these documents electronically later in the process: * (Max 500 characters)

Please refer to accompanying documents list.

Application Details

Please provide the application reference no. given to you by your planning authority for your previous application.

22/04991/FULSTL

What date was the application submitted to the planning authority? *

04/10/2022

What date was the decision issued by the planning authority? *

04/07/2023

Review Procedure

The Local Review Body will decide on the procedure to be used to determine your review and may at any time during the review process require that further information or representations be made to enable them to determine the review. Further information may be required by one or a combination of procedures, such as: written submissions; the holding of one or more hearing sessions and/or inspecting the land which is the subject of the review case.

Can this review continue to a conclusion, in your opinion, based on a review of the relevant information provided by yourself and other parties only, without any further procedures? For example, written submission, hearing session, site inspection. *

Yes No

In the event that the Local Review Body appointed to consider your application decides to inspect the site, in your opinion:

Can the site be clearly seen from a road or public land? *

Yes No

Is it possible for the site to be accessed safely and without barriers to entry? *

Yes No

Checklist – Application for Notice of Review

Please complete the following checklist to make sure you have provided all the necessary information in support of your appeal. Failure to submit all this information may result in your appeal being deemed invalid.

Have you provided the name and address of the applicant?. *

Yes No

Have you provided the date and reference number of the application which is the subject of this review? *

Yes No

If you are the agent, acting on behalf of the applicant, have you provided details of your name and address and indicated whether any notice or correspondence required in connection with the review should be sent to you or the applicant? *

Yes No N/A

Have you provided a statement setting out your reasons for requiring a review and by what procedure (or combination of procedures) you wish the review to be conducted? *

Yes No

Note: You must state, in full, why you are seeking a review on your application. Your statement must set out all matters you consider require to be taken into account in determining your review. You may not have a further opportunity to add to your statement of review at a later date. It is therefore essential that you submit with your notice of review, all necessary information and evidence that you rely on and wish the Local Review Body to consider as part of your review.

Please attach a copy of all documents, material and evidence which you intend to rely on (e.g. plans and Drawings) which are now the subject of this review *

Yes No

Note: Where the review relates to a further application e.g. renewal of planning permission or modification, variation or removal of a planning condition or where it relates to an application for approval of matters specified in conditions, it is advisable to provide the application reference number, approved plans and decision notice (if any) from the earlier consent.

Declare – Notice of Review

I/We the applicant/agent certify that this is an application for review on the grounds stated.

Declaration Name: Miss Lisa Proudfoot

Declaration Date: 30/09/2023

Document Reference	Document Title
1. Decision Notice & Committee Reports	
ME 1.1	Decision Notice dated 04 July 2023
ME 1.2	Report of Handling
2. Application Submission October 2022	
ME 2.1	Planning Application Form
ME 2.2	Application Cover Letter
ME 2.3	Supporting Planning Statement
ME 2.4	Internal Floor Plan
ME 2.5	Request for Information dated 01 February 2023
ME 2.6	NPF4 Response
ME 2.7	Neighbour Notification List dated 18 October 2022
ME 2.8	Neighbour Objection Comment
ME 2.9	Historic Environment Scotland consultation dated 09 May 2023
ME 2.10	Location Plan
3. Website Links	
ME 3.1	https://www.beautifulholidayhomes.co.uk/accommodation/gayfield-place
ME 3.2	https://www.airbnb.co.uk/rooms/36297919?source=impression_id_p3_1663495923_IVosVmFjhtO3vOjv
ME 3.3	https://www.booking.com/hotel/gb/gayfield-place.en-gb.html#tab-reviews
ME 3.4	Gayfield Place Apartment-sleeps 6 guests Reviews, Deals & Photos 2023 - Expedia.co.uk
ME 3.5	https://www.vrbo.com/10333862ha?noDates=true&unitid=5359151
ME 3.6	https://www.plumguide.com/homes/47228/chlach
ME 3.7	Association of Scotland's Self-Caterers - https://www.assc.co.uk/legislation/the-facts-about-short-term-letting-in-edinburgh
ME 3.8	Association of Scotland's Self-Caterers - https://www.assc.co.uk/policy/the-benefits-of-short-term-rental-in-scotland
ME 3.9	Biggar Economics Report - https://news.airbnb.com/wp-content/uploads/sites/4/2022/06/BIGGAR-Economics-Scottish-Local-Authorities-Economic-Analysis-2022.pptx.pdf
4. Planning Committee Report	
ME 4.1	Planning Committee Report dated 14 June 2023

Montagu Evans LLP.
FAO: Lisa Proudfoot
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EG

Mr Clerk
2 Gayfield Place
Edinburgh
EH7 4AB

Decision date: 4 July 2023

**TOWN AND COUNTRY PLANNING (SCOTLAND) ACTS
DEVELOPMENT MANAGEMENT PROCEDURE (SCOTLAND) REGULATIONS 2013**

Change of use from residential to short term let (in retrospect).
At 2 Gayfield Place Edinburgh EH7 4AB

Application No: 22/04991/FULSTL

DECISION NOTICE

With reference to your application for Planning Permission STL registered on 4 October 2022, this has been decided by **Local Delegated Decision**. The Council in exercise of its powers under the Town and Country Planning (Scotland) Acts and regulations, now determines the application as **Refused** in accordance with the particulars given in the application.

Any condition(s) attached to this consent, with reasons for imposing them, or reasons for refusal, are shown below;

Reason for Refusal:-

1. The proposal is contrary to Local Development Plan Policy Hou 7 in respect of Inappropriate Uses in Residential Areas, as the use of this dwelling as a short stay let will have a materially detrimental effect on the living conditions and amenity of nearby residents.
2. The proposal is contrary to National Planning Framework Policy 30(e) in respect of Local Amenity and Loss of Residential Accommodation, as the use of this dwelling as a short stay let will result in an unacceptable impact on local amenity and the loss of a residential property has not been justified.

Please see the guidance notes on our [decision page](#) for further information, including how to appeal or review your decision.

Drawings 01 - 02, represent the determined scheme. Full details of the application can be found on the [Planning and Building Standards Online Services](#)

The reason why the Council made this decision is as follows:

The change of use of this property to a Short Term Let (STL) will have an adverse impact on neighbouring amenity. The loss of the residential accommodation has not been justified. Whilst it is recognised that there is an economic benefit to the City as a whole from the provision of tourist accommodation in this case it does not outweigh the adverse impact on residential amenity or the loss of residential accommodation.

The proposal does not comply with the Development Plan policy NPF 4 policy 30(e) and LDP policy Hou 7. There are no material considerations that outweigh this conclusion. The proposal is unacceptable.

This determination does not carry with it any necessary consent or approval for the proposed development under other statutory enactments.

Should you have a specific enquiry regarding this decision please contact Benny Buckle directly at benny.buckle@edinburgh.gov.uk.



Chief Planning Officer
PLACE
The City of Edinburgh Council

NOTES

1. If the applicant is aggrieved by the decision to refuse permission for or approval required by a condition in respect of the proposed development, or to grant permission or approval subject to conditions, the applicant may require the planning authority to review the case under section 43A of the Town and Country Planning (Scotland) Act 1997 within three months beginning with the date of this notice. The Notice of Review can be made online at www.eplanning.scot or forms can be downloaded from that website. Paper forms should be addressed to the City of Edinburgh Planning Local Review Body, G.2, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG. For enquiries about the Local Review Body, please email localreviewbody@edinburgh.gov.uk.

2. If permission to develop land is refused or granted subject to conditions and the owner of the land claims that the land has become incapable of reasonably beneficial use in its existing state and cannot be rendered capable of reasonably beneficial use by carrying out of any development which has been or would be permitted, the owner of the land may serve on the planning authority a purchase notice requiring the purchase of the owner of the land's interest in the land accordance with Part 5 of the Town and Country Planning (Scotland) Act 1997.

Report of Handling

**Application for Planning Permission STL
2 Gayfield Place, Edinburgh, EH7 4AB**

Proposal: Change of use from residential to short term let (in retrospect).

**Item – Local Delegated Decision
Application Number – 22/04991/FULSTL
Ward – B11 - City Centre**

Recommendation

It is recommended that this application be **Refused** subject to the details below.

Summary

The change of use of this property to a Short Term Let (STL) will have an adverse impact on neighbouring amenity. The loss of the residential accommodation has not been justified. Whilst it is recognised that there is an economic benefit to the City as a whole from the provision of tourist accommodation in this case it does not outweigh the adverse impact on residential amenity or the loss of residential accommodation.

The proposal does not comply with the Development Plan policy NPF 4 policy 30(e) and LDP policy Hou 7. There are no material considerations that outweigh this conclusion. The proposal is unacceptable.

SECTION A – Application Background

Site Description

The application site relates to a three-bedroom, ground floor flat at 2 Gayfield Place. The property is accessed via a private doorway from an entrance platt set over a basement well. The flat forms part of a four storey, basement, and attic tenement.

Gayfield Place is situated on Leith Walk which overall has a mix of residential and commercial activities. Though the wider context of Leith Walk is mixed use the character of the immediate area is residential.

The property is located within the New Town Conservation Area and World Heritage Site and is a category A listed building (28798), listed on 19/04/1966.

Description of The Proposal

The application is for retrospective planning permission for the change of use from residential to short term let (sui generis).

Supporting Information

Planning Statement
NPF4 Planning Statement

Relevant Site History

No relevant site history.

Other Relevant Site History

No further relevant site history.

Consultation Engagement

Historic Environment Scotland

Publicity and Public Engagement

Date of Neighbour Notification: 4 July 2023

Date of Advertisement: 28 October 2022

Date of Site Notice: 28 October 2022

Number of Contributors: 1

Section B - Assessment

Determining Issues

Due to the proposals relating to a listed building(s) and being within a conservation area, this report will first consider the proposals in terms of Sections 59 and 64 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997 (the "1997 Heritage Act"):

- a) Is there a strong presumption against granting planning permission due to the proposals:
 - (i) harming the listed building or its setting? or
 - (ii) conflicting with the objective of preserving or enhancing the character or appearance of the conservation area?

- b) If the strong presumption against granting planning permission is engaged, are there any significant public interest advantages of the development which can only be delivered at the scheme's proposed location that are sufficient to outweigh it?

This report will then consider the proposed development under Sections 24, 25 and 37 of the Town and Country Planning (Scotland) Act 1997 (the 1997 Act):

Having regard to the legal requirement of Section 24(3), in the event of any policy incompatibility between National Planning Framework 4 (NPF4) & Edinburgh Local Development Plan 2016 (LDP) the newer policy shall prevail.

Do the proposals comply with the development plan?

If the proposals do comply with the development plan, are there any compelling material considerations for not approving them?

If the proposals do not comply with the development plan, are there any compelling material considerations for approving them?

In the assessment of material considerations this report will consider:

- equalities and human rights;
- public representations; and
- any other identified material considerations.

Assessment

a) The proposals harm the listed building and its setting?

The following HES guidance is relevant in the determination of this application:

- Managing Change in the Historic Environment: Guidance on the principles of listed buildings
- Managing Change in the Historic Environment: Setting

Managing Change in the Historic Environment: Interim Guidance on the principles of listed building consent sets out the principles for assessing the impact of a development on a listed building.

Managing Change in the Historic Environment: Setting sets out the principles that apply to developments affecting the setting of historic assets or places including listed buildings and conservation areas. It includes factors to be considered in assessing the impact of a change on the setting.

There are no external or internal alterations proposed. As such, the proposal will not have an adverse impact on or cause harm to the listed building. The setting of the listed building and the setting of neighbouring listed buildings will be unaffected by the proposal.

Conclusion in relation to the listed building

The proposal does not harm the character of the listed building, or its setting. It is therefore acceptable with regard to Section 59 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997.

b) The proposals harm the character or appearance of the conservation area?

Section 64(1) of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997 states:

"In exercise, with respect to any buildings or other land in a conservation area, of any powers under any of the provisions in subsection (2), special attention shall be paid to the desirability of preserving or enhancing the character or appearance of that area."

The New Town Conservation appraisal states *"The New Town Conservation Area Character Appraisal states that the area is typified by the formal plan layout, spacious stone built terraces, broad streets and an overall classical elegance. The buildings are of a generally consistent three storey and basement scale, with some four storey corner and central pavilions."*

There are no external alterations. The change of use from a residential premises to a short-term let will not have any material impact on the character of the conservation area. The change of use would preserve the appearance of the conservation area.

Conclusion in relation to the conservation area

The proposals comply with Section 64 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997.

c) The proposals comply with the development plan?

National Planning Framework 4 (NPF4) was adopted by the Scottish Ministers on 13 February 2023 and forms part of the Council's Development Plan. NPF4 policies supports the planning and delivery of Sustainable Places, Liveable Places and Productive Places and are the key policies against which proposals for development are assessed. Several policies in the Edinburgh Local Development Plan (LDP) are superseded by equivalent and alternative policies within NPF4.

The relevant NPF4 and LDP 2016 policies to be considered are:

- NPF4 Sustainable Places Tackling the climate and nature crises Policy 1.
- NPF4 Productive Places Tourism Policy 30.
- NPF4 Historic Assets and Places Policy 7.
- Local Development Plan Housing Policy, Hou 7.
- Local Development Plan Transport Policies, Tra 2 and Tra 3

The non-statutory Listed Building and Conservation Area Guidance is a material consideration when considering NPF 4 Policy 7.

The non-statutory Guidance for Business (update April 2023) is a material consideration that is relevant when considering LDP Policy Hou 7 and the Edinburgh Design Guidance is a material consideration when considering LDP Policies Tra 2 and Tra 3.

Listed Buildings, Conservation Area and Edinburgh World Heritage Site

Historic Environment Scotland were consulted as the building is category A listed and made no comment on the proposals. The impact on the setting of the listed building

and on the setting of neighbouring listed buildings has been assessed in section a) above which concluded that this would be preserved.

There are no external or internal works proposed and as such there will not be a significant impact on historic assets and places.

The proposal complies with NPF 4 Policy 7.

Proposed Use

With regards to NPF 4 Policy 1, the proposed change of use does not involve operational development resulting in physical changes to the property. The proposals will have a negligible impact on the global climate and nature crisis.

NPF 4 Policy 30 seeks to encourage, promote and facilitate sustainable tourism development which benefits local people, is consistent with our net zero and nature commitments, and inspires people to visit Scotland. Criterion 30 (e) specifically relate to STL proposals.

LDP Policy Hou 7 (Inappropriate Uses in Residential Areas), seeks to protect residential amenity.

The non-statutory Guidance for Businesses (updated April 2023) states that an assessment of a change of use of dwellings to a short term let will have regard to:

- The character of the new use and of the wider area;
- The size of the property;
- The pattern of activity associated with the use including numbers of occupants, the period of use, issues of noise, disturbance and parking demand and
- The nature and character of any services provided.

Amenity

The proposed property is situated on Leith Walk an area that is mixed use in nature. Though the wider context has elements of commercial use, the immediate predominant use is residential. The dwelling is situated in a traditional residential tenement, with residential properties either side, above and below.

The use as a short term let would allow visitors to come and go from the premises for inconsistent periods of time on a regular basis throughout the year in a manner dissimilar to that of a permanent resident. A transient visitor may also have less regard for neighbours' amenity than individuals using the property as a principal home. The use as a short term let is not consistent with the existing neighbouring residential uses or the character of the immediate area.

The proposed use would increase the ambient background noise levels beyond what residents would reasonably expect within the immediate area. The increase in frequency of movement to the flat at unpredictable hours would have a detrimental impact on the amenity of the immediate neighbours and adjacent properties.

The proposal will have an unacceptable impact on the living conditions and amenity of nearby residents. The proposal does not comply with NPF 4 policy 30(e) part (i) and LDP policy Hou 7.

Loss of residential accommodation

NPF 4 policy 30 (e) part (ii) requires that where there is a loss of residential accommodation, this will only be supported where the loss is outweighed by demonstrable local economic benefits.

The applicant provided a planning statement that stated the loss of a single unit would not be considered a significant loss of residential accommodation and that the proposal supported the local economy with guests supporting local businesses and creating business through associated servicing and maintenance fees.

The proposal would result in the loss of residential accommodation. As there is a recognised need and demand for housing in Edinburgh, it is important to retain the existing supply where appropriate.

Paragraph 220 of the LDP acknowledges that tourism is the biggest source of employment in Edinburgh, providing jobs for over 31,000 people. The use of the property by guests and the required maintenance and upkeep of STL properties are likely to result in a level of job creation and spend within the economy which can be classed as having an economic benefit.

However, having the property within residential use would also contribute to the economy, through the use of a variety of local services and employment opportunities across the City. Long term residents also have the ability to make consistent and long-term contributions to the local community.

In this instance, it has not been sufficiently demonstrated that the loss of the residential accommodation is outweighed by demonstrable local economic benefits. As such, the proposal does not comply with NPF 4 30(e) part (ii).

Parking Standards

Zero parking is acceptable as there are no parking requirements for STLs. Cycles could be parked inside the property.

The proposals comply with LDP Policies Tra 2 and Tra 3.

Conclusion in relation to the Development Plan

The change of use of this property to an STL will have an unacceptable impact on neighbouring amenity. The loss of the residential accommodation has not been justified. Whilst it is recognised that there is an economic benefit to the City as a whole from the provision of tourist accommodation in this case it does not outweigh the adverse impact on residential amenity. The proposal does not comply with the Development Plan policy NPF 4 policy 30(e) and LDP policy Hou 7.

d) There are any other material considerations which must be addressed?

The following material planning considerations have been identified:

Emerging policy context

City Plan 2030 represents the settled will of the Council, and it has been submitted to Scottish Ministers for examination. As such, limited weight can be attached to it as a material consideration in the determination of this application.

Equalities and human rights

Due regard has been given to section 149 of the Equalities Act 2010. No impacts have been identified.

Consideration has been given to human rights. No impacts have been identified through the assessment and no comments have been received in relation to human rights.

Public representations

The application received one public representations.

material considerations in objection

- Concerns that a change of use will have a detriment to residential amenity to the local community. This has been addressed in section c).
- A change of use would diminish long term residential housing stock within Edinburgh which is within a current housing crisis. This has been addressed in section c).

Overall conclusion

The change of use of this property to a Short Term Let will have an adverse impact on neighbouring amenity. The loss of the residential accommodation has not been justified. Whilst it is recognised that there is an economic benefit to the City as a whole from the provision of tourist accommodation in this case it does not outweigh the adverse impact on residential amenity or the loss of residential accommodation.

The proposal does not comply with the Development Plan policy NPF 4 policy 30(e) and LDP policy Hou 7. There are no material considerations that outweigh this conclusion. The proposal is unacceptable.

Section C - Conditions/Reasons/Informatives

The recommendation is subject to the following;

Reason for Refusal

1. The proposal is contrary to Local Development Plan Policy Hou 7 in respect of Inappropriate Uses in Residential Areas, as the use of this dwelling as a short stay let

will have a materially detrimental effect on the living conditions and amenity of nearby residents.

2. The proposal is contrary to National Planning Framework Policy 30(e) in respect of Local Amenity and Loss of Residential Accommodation, as the use of this dwelling as a short stay let will result in an unacceptable impact on local amenity and the loss of a residential property has not been justified.

Background Reading/External References

To view details of the application go to the [Planning Portal](#)

Further Information - [Local Development Plan](#)

Date Registered: 4 October 2022

Drawing Numbers/Scheme

01 - 02

Scheme 1

David Givan
Chief Planning Officer
PLACE
The City of Edinburgh Council

Contact: Benny Buckle, Assistant Planning Officer
E-mail: benny.buckle@edinburgh.gov.uk

Appendix 1

Consultations

NAME: Historic Environment Scotland

COMMENT: No objection.

DATE: 10 May 2023

The full consultation response can be viewed on the Planning & Building Standards Portal.

Appendix 2

Application Certification Record

Case Officer

I have assessed the application against the City of Edinburgh Council's Scheme of Delegation (2023) Appendix 6 – Chief Planning Officer and the Statutory Scheme of Delegation (2023) and can confirm the application is suitable to be determined under Local Delegated Decision, decision-making route.

Case Officer: Benny Buckle

Date: 27 June 2023

Authorising Officer

To be completed by an officer as authorised by the Chief Planning Officer to determined applications under delegated powers.

I can confirm that I have checked the Report of Handling and agree the recommendation by the case officer.

Authorising Officer (mRTPI): Elizabeth McCarroll

Date: 3 July 2023

Business Centre G.2 Waverley Court 4 East Market Street Edinburgh EH8 8BG Email: planning.support@edinburgh.gov.uk

Applications cannot be validated until all the necessary documentation has been submitted and the required fee has been paid.

Thank you for completing this application form:

ONLINE REFERENCE 100594479-001

The online reference is the unique reference for your online form only. The Planning Authority will allocate an Application Number when your form is validated. Please quote this reference if you need to contact the planning Authority about this application.

Type of Application

What is this application for? Please select one of the following: *

- Application for planning permission (including changes of use and surface mineral working).
- Application for planning permission in principle.
- Further application, (including renewal of planning permission, modification, variation or removal of a planning condition etc)
- Application for Approval of Matters specified in conditions.

Description of Proposal

Please describe the proposal including any change of use: * (Max 500 characters)

Change of use from residential to short term let (in retrospect) at 2 Gayfield Place, Edinburgh, EH7 4AB.

Is this a temporary permission? *

Yes No

If a change of use is to be included in the proposal has it already taken place?
(Answer 'No' if there is no change of use.) *

Yes No

Has the work already been started and/or completed? *

No Yes – Started Yes - Completed

Please state date of completion, or if not completed, the start date (dd/mm/yyyy): *

01/07/2019

Please explain why work has taken place in advance of making this application: * (Max 500 characters)

The Applicant has operated the site as a short-term let since 2019. The application for planning permission is being progressed to regularise the change of use.

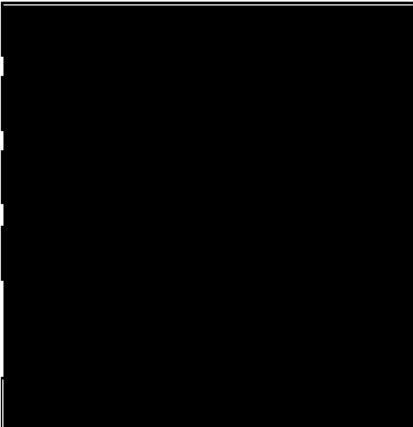
Applicant or Agent Details

Are you an applicant or an agent? * (An agent is an architect, consultant or someone else acting on behalf of the applicant in connection with this application)

Applicant Agent

Agent Details

Please enter Agent details

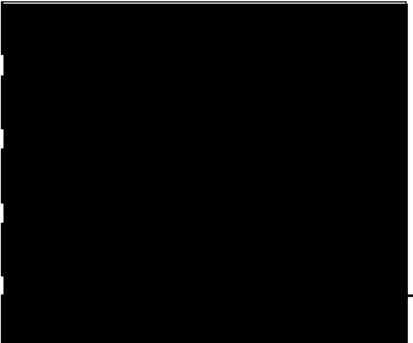
Company/Organisation:	Montagu Evans		
Ref. Number:		You must enter a Building Name or Number, or both: *	
First Name: *	Lisa	Building Name:	Exchange Tower
Last Name: *	Proudfoot	Building Number:	
Telephone Number: *		Address 1 (Street): *	19 Canning Street
Extension Number:		Address 2:	
Mobile Number:		Town/City: *	Edinburgh
Fax Number:		Country: *	United Kingdom
		Postcode: *	EH3 8EG
Email Address: *			

Is the applicant an individual or an organisation/corporate entity? *

Individual Organisation/Corporate entity

Applicant Details

Please enter Applicant details

Title:	Mr	You must enter a Building Name or Number, or both: *		
Other Title:		Building Name:		
First Name: *	Edward	Building Number:	2	
Last Name: *	Clerk	Address 1 (Street): *	Gayfield Place	
Company/Organisation		Address 2:		
Telephone Number: *		Town/City: *	Edinburgh	
Extension Number:		Country: *	United Kingdom	
Mobile Number:		Postcode: *	EH7 4AB	
Fax Number:				
Email Address: *				

Site Address Details

Planning Authority:

City of Edinburgh Council

Full postal address of the site (including postcode where available):

Address 1:

2 GAYFIELD PLACE

Address 2:

BROUGHTON

Address 3:

Address 4:

Address 5:

Town/City/Settlement:

EDINBURGH

Post Code:

EH7 4AB

Please identify/describe the location of the site or sites

Northing

674633

Easting

326161

Pre-Application Discussion

Have you discussed your proposal with the planning authority? *

Yes No

Site Area

Please state the site area:

153.00

Please state the measurement type used:

Hectares (ha) Square Metres (sq.m)

Existing Use

Please describe the current or most recent use: * (Max 500 characters)

Residential flat (Suit Generis).

Access and Parking

Are you proposing a new altered vehicle access to or from a public road? *

Yes No

If Yes please describe and show on your drawings the position of any existing. Altered or new access points, highlighting the changes you propose to make. You should also show existing footpaths and note if there will be any impact on these.

Are you proposing any change to public paths, public rights of way or affecting any public right of access? * Yes No

If Yes please show on your drawings the position of any affected areas highlighting the changes you propose to make, including arrangements for continuing or alternative public access.

How many vehicle parking spaces (garaging and open parking) currently exist on the application Site?

How many vehicle parking spaces (garaging and open parking) do you propose on the site (i.e. the Total of existing and any new spaces or a reduced number of spaces)? *

Please show on your drawings the position of existing and proposed parking spaces and identify if these are for the use of particular types of vehicles (e.g. parking for disabled people, coaches, HGV vehicles, cycles spaces).

Water Supply and Drainage Arrangements

Will your proposal require new or altered water supply or drainage arrangements? * Yes No

Do your proposals make provision for sustainable drainage of surface water?? * Yes No
(e.g. SUDS arrangements) *

Note:-

Please include details of SUDS arrangements on your plans

Selecting 'No' to the above question means that you could be in breach of Environmental legislation.

Are you proposing to connect to the public water supply network? *

Yes

No, using a private water supply

No connection required

If No, using a private water supply, please show on plans the supply and all works needed to provide it (on or off site).

Assessment of Flood Risk

Is the site within an area of known risk of flooding? * Yes No Don't Know

If the site is within an area of known risk of flooding you may need to submit a Flood Risk Assessment before your application can be determined. You may wish to contact your Planning Authority or SEPA for advice on what information may be required.

Do you think your proposal may increase the flood risk elsewhere? * Yes No Don't Know

Trees

Are there any trees on or adjacent to the application site? * Yes No

If Yes, please mark on your drawings any trees, known protected trees and their canopy spread close to the proposal site and indicate if any are to be cut back or felled.

Waste Storage and Collection

Do the plans incorporate areas to store and aid the collection of waste (including recycling)? * Yes No

If Yes or No, please provide further details: * (Max 500 characters)

Not applicable.

Residential Units Including Conversion

Does your proposal include new or additional houses and/or flats? *

Yes No

All Types of Non Housing Development – Proposed New Floorspace

Does your proposal alter or create non-residential floorspace? *

Yes No

Schedule 3 Development

Does the proposal involve a form of development listed in Schedule 3 of the Town and Country Planning (Development Management Procedure (Scotland) Regulations 2013? *

Yes No Don't Know

If yes, your proposal will additionally have to be advertised in a newspaper circulating in the area of the development. Your planning authority will do this on your behalf but will charge you a fee. Please check the planning authority's website for advice on the additional fee and add this to your planning fee.

If you are unsure whether your proposal involves a form of development listed in Schedule 3, please check the Help Text and Guidance notes before contacting your planning authority.

Planning Service Employee/Elected Member Interest

Is the applicant, or the applicant's spouse/partner, either a member of staff within the planning service or an elected member of the planning authority? *

Yes No

Certificates and Notices

CERTIFICATE AND NOTICE UNDER REGULATION 15 – TOWN AND COUNTRY PLANNING (DEVELOPMENT MANAGEMENT PROCEDURE) (SCOTLAND) REGULATION 2013

One Certificate must be completed and submitted along with the application form. This is most usually Certificate A, Form 1, Certificate B, Certificate C or Certificate E.

Are you/the applicant the sole owner of ALL the land? *

Yes No

Is any of the land part of an agricultural holding? *

Yes No

Certificate Required

The following Land Ownership Certificate is required to complete this section of the proposal:

Certificate A

Land Ownership Certificate

Certificate and Notice under Regulation 15 of the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013

Certificate A

I hereby certify that –

(1) - No person other than myself/the applicant was an owner (Any person who, in respect of any part of the land, is the owner or is the lessee under a lease thereof of which not less than 7 years remain unexpired.) of any part of the land to which the application relates at the beginning of the period of 21 days ending with the date of the accompanying application.

(2) - None of the land to which the application relates constitutes or forms part of an agricultural holding

Signed: Lisa Proudfoot

On behalf of: Mr Edward Clerk

Date: 27/09/2022

Please tick here to certify this Certificate. *

Checklist – Application for Planning Permission

Town and Country Planning (Scotland) Act 1997

The Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013

Please take a few moments to complete the following checklist in order to ensure that you have provided all the necessary information in support of your application. Failure to submit sufficient information with your application may result in your application being deemed invalid. The planning authority will not start processing your application until it is valid.

a) If this is a further application where there is a variation of conditions attached to a previous consent, have you provided a statement to that effect? *

Yes No Not applicable to this application

b) If this is an application for planning permission or planning permission in principle where there is a crown interest in the land, have you provided a statement to that effect? *

Yes No Not applicable to this application

c) If this is an application for planning permission, planning permission in principle or a further application and the application is for development belonging to the categories of national or major development (other than one under Section 42 of the planning Act), have you provided a Pre-Application Consultation Report? *

Yes No Not applicable to this application

Town and Country Planning (Scotland) Act 1997

The Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013

d) If this is an application for planning permission and the application relates to development belonging to the categories of national or major developments and you do not benefit from exemption under Regulation 13 of The Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013, have you provided a Design and Access Statement? *

Yes No Not applicable to this application

e) If this is an application for planning permission and relates to development belonging to the category of local developments (subject to regulation 13. (2) and (3) of the Development Management Procedure (Scotland) Regulations 2013) have you provided a Design Statement? *

Yes No Not applicable to this application

f) If your application relates to installation of an antenna to be employed in an electronic communication network, have you provided an ICNIRP Declaration? *

Yes No Not applicable to this application

g) If this is an application for planning permission, planning permission in principle, an application for approval of matters specified in conditions or an application for mineral development, have you provided any other plans or drawings as necessary:

- Site Layout Plan or Block plan.
- Elevations.
- Floor plans.
- Cross sections.
- Roof plan.
- Master Plan/Framework Plan.
- Landscape plan.
- Photographs and/or photomontages.
- Other.

If Other, please specify: * (Max 500 characters)

Provide copies of the following documents if applicable:

- | | |
|---|--|
| A copy of an Environmental Statement. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| A Design Statement or Design and Access Statement. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| A Flood Risk Assessment. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| A Drainage Impact Assessment (including proposals for Sustainable Drainage Systems) * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| Drainage/SUDS layout. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| A Transport Assessment or Travel Plan | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| Contaminated Land Assessment. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| Habitat Survey. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| A Processing Agreement. * | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |

Other Statements (please specify). (Max 500 characters)

Planning Statement

Declare – For Application to Planning Authority

I, the applicant/agent certify that this is an application to the planning authority as described in this form. The accompanying Plans/drawings and additional information are provided as a part of this application.

Declaration Name: Miss Rachel Musher

Declaration Date: 27/09/2022

Payment Details

☐ [REDACTED]

☐ [REDACTED]

Planning and Building Standards

The City of Edinburgh Council
G2, Waverley Court
4 East Market Street
Edinburgh
EH8 8DG

3 October 2022

Dear Sir / Madam,

**APPLICATION FOR PLANNING PERMISSION FOR THE PROPOSED CHANGE OF USE FROM
RESIDENTIAL TO SHORT TERM LET (IN RETROSPECT)
AT 2 GAYFIELD PLACE, EDINBURGH, EH7 4AB
ONLINE REFERENCE NUMBER 100594479-001**

Montagu Evans represent the owner of the application site.

On behalf of our client, we submit herewith an application for planning permission proposing the “*change of use from residential to short term let (in retrospect)*” at 2 Gayfield Place, Edinburgh, EH7 4AB.

The application for planning permission has been submitted to the City of Edinburgh Council ('CEC') today via the Scottish Government ePlanning website (online reference number 100594479-001).

APPLICATION FOR PLANNING PERMISSION

The application for planning permission comprises:

- Completed application form and requisite ownership notification;
- Cover letter (i.e. this letter prepared by Montagu Evans LLP);
- Planning Statement, prepared by Montagu Evans;
- Site Location Plan (at scale 1:1250 @ A4); and
- Internal Floor Plan.

In line with the Town and Country Planning (Fees for Applications) (Scotland) Regulations 2022 the statutory planning application fee has been calculated as £1,200. The planning application fee will be paid to the CEC via the ePlanning online payment portal.

PROPOSED DEVELOPMENT

The Applicant has operated the site as a short-term let since 2019. The application site is a ground floor flat that extends to appropriately 153 sqm and has three bedrooms. The site has its own private entrance, with the main door to the flat accessed directly from the street. The property shares no communal access points or areas with any other residential dwellings.

As the CEC have designated the whole of the city as a short term let Control Area as per the provisions of the Town and Country Planning (Short-term Let Control Areas) (Scotland) Regulations 2021, and the application site is located within

the Control Area, this application for planning permission has been progressed in retrospect to regularise the use of the property as a short term let.

Planning permission is sought for the proposed "*change of use from residential to short term let (in retrospect)*".

SUMMARY

We trust that the above and attached are satisfactory and that you are in a position to register and progress the application. We will await formal confirmation in this respect. It is our intention to further discuss the application for planning permission with the CEC in due course and as required, we would be happy to meet on site to discuss the application further.

Should you require any further information at this stage, please do not hesitate to contact Lisa Proudfoot (lisa.proudfoot@montagu-evans.co.uk / 07342 054 133) of this office direct.

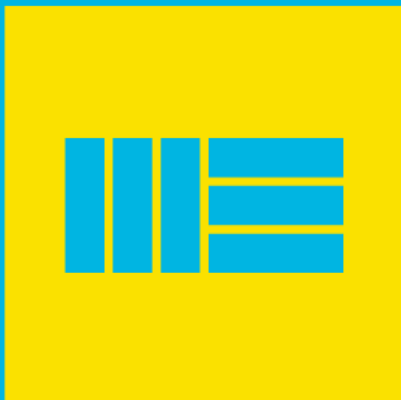
Yours faithfully,



MONTAGU EVANS LLP

PLANNING STATEMENT IN SUPPORT OF APPLICATION FOR THE CHANGE OF USE FROM RESIDENTIAL TO SHORT TERM LET (IN RETROSPECT)

OCTOBER 2022



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3.0 MATERIAL CONSIDERATIONS	8
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1.0 INTRODUCTION

- 1.1 Montagu Evans LLP represent the owner ('the Applicant') of 2 Gayfield Place, Edinburgh, EH7 4AB ('the site').
- 1.2 Planning permission is sought to change the use retrospectively of the site from a residential use to a short term let providing visitor accommodation.
- 1.3 The City of Edinburgh Council ('CEC') have designated the whole of the city as a short term let Control Area as per the provisions of the Town and Country Planning (Short-term Let Control Areas) (Scotland) Regulations 2021. The application site is located within the Control Area, this application for planning permission has been progressed in retrospect to regularise the use of the property as a short term let.

THE SITE

- 1.4 The application site is a ground floor flat that extends to appropriately 153 sqm and has three bedrooms. The site has its own private entrance, with the main door to the flat accessed directly from the street. The property shares no communal access points or areas with any other residential dwellings in the building that the site forms part of.
- 1.5 The layout of the application site is indicated below by Figure 1:

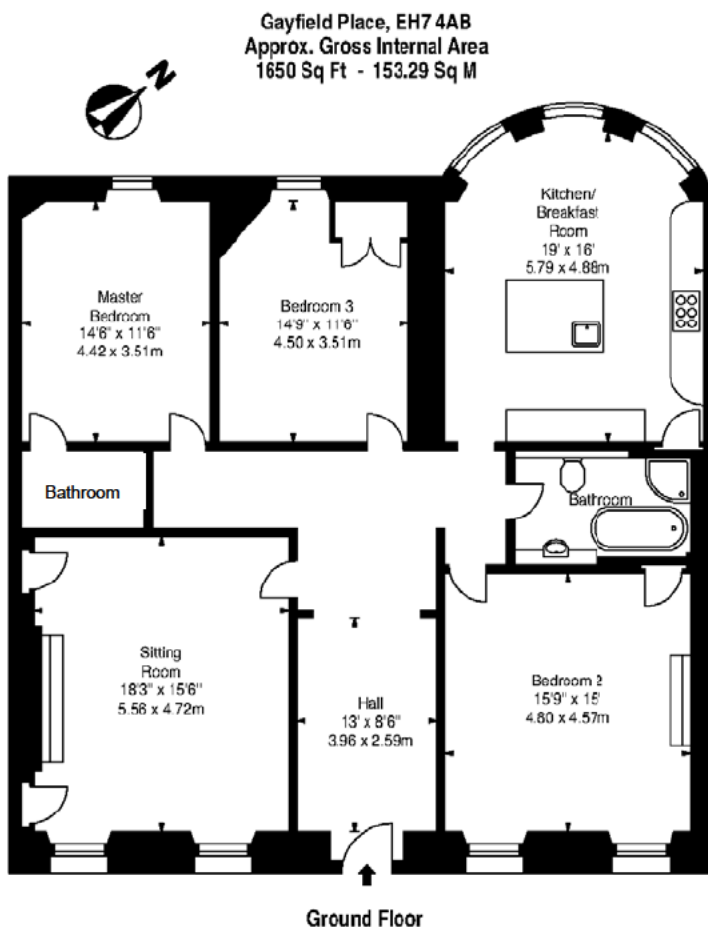


Figure 1 – Internal Layout of Application Site

- 1.6 The property is Category A listed by Historic Environment Scotland and is located within the New Town Conservation Area.

MANAGEMENT OF THE PROPERTY

- 1.7 The Applicant has operated the site as a short term let since May 2019 and the property is managed on their behalf by Beautiful Holiday Homes ('BHH'). Through BHH the property is advertised on a number of online booking platforms, including BHH's own website, as noted in Table 1 below.
- 1.8 Table 1 also notes the range of guest reviews that the property has received on each platform.

Table 1 – Online Booking Platforms

Online Booking Platform	Ratings
<u>Beautiful Holiday Homes</u>	The property has received 15 5-star reviews in total.
<u>AirBnB</u>	The property has an average rating of 4.94 stars based on a total of 72 reviews.
<u>Booking.com</u>	The property has a 'superb' rating, as well as a 9.2/10 rating based on a total of four reviews.
<u>Expedia</u>	The property has a 4.9 'Exceptional' rating overall, based on 10 reviews.
<u>Vrbo</u>	The property has a 4.9 'Wonderful' rating, based on a total of 13 reviews.
<u>Plum Guide</u>	n/a

- 1.9 As noted the property has three double bedrooms and as such, is advertised on all of the above booking platforms as having the capacity to accommodate up to six guests. By virtue of its size, quality and proximity to the city centre, the property is marketed and priced to appeal to those seeking a more luxurious and 'upscale' self-catering experience in Edinburgh and on this basis, tends to attract more mature groups of couples or families.
- 1.10 The property is required to be booked for an average minimum period of four consecutive nights, which greatly reduces the turnover of guests visiting the property. On average the property is booked for five consecutive nights by guests, which tends to rise to seven consecutive nights in August (largely influenced by the Fringe Festival).
- 1.11 Party groups are not permitted at the property and all booking requests are vetted by BHH on behalf of the Applicant. The 'House Rules' for the property, which are listed as part of the description for the accommodation, clearly advise guests that parties and events are not permitted at the site, which includes "*hen, stag or similar parties*". Given the size of the property, it physically cannot accommodate the scale of groups typically associated with party groups.
- 1.12 The property is also clearly advertised as being located within the city centre of Edinburgh, with no access to private car parking. Any prospective guests are advised when booking that parking reservations are not possible and that public car parking may be available on street, subject to availability, or at a nearby third party parking facility, where charges may be applicable. All of the above booking platforms note that the property has good accessibility to key city centre attractions and amenities on foot, by wheeling or by using public transport, which includes both the bus and tram. There are bus stops located directly adjacent to the entrance of the application site (Elm Row – Stops EA, EB ED).

1.13 Since the property has been in operation as a short term let by the Applicant, under the management of BHH, there have been no issues or complaints received from any commercial or residential properties that neighbour the site.

PLANNING HISTORY

APPLICATION SITE

1.14 There is a limited planning history for the application site. Following a review of the City of Edinburgh Council's ('CEC') online planning portal, the following applications have been identified, which relate to the alterations to the property as a residential dwelling:

- Listed building consent granted on 12 March 2012 for "*internal alterations, form new en-suite shower room*" (application reference 12/00032/LBC).
- Listed building consent and planning permission were refused for "*new gate to street*" on 30 December 2011 (application reference 11/03678/LBC) and 13 January 2012 (application reference 11/03678/FUL).
- The CEC confirmed that listed building consent was not required for "*relocation of kitchen and bathroom*" on 3 September 2004 (application reference 04/03244/LBC).

PROPOSED DEVELOPMENT

1.15 This Planning Statement is submitted in support of an application for planning permission at the site for the proposed "*change of use from residential to short term let (in retrospect)*".

2.0 PLANNING POLICY CONTEXT

- 2.2 Section 25 of the Town and Country Planning (Scotland) Act 1997, as amended, requires all planning applications to be determined in accordance with the Development Plan for a site, unless material considerations indicate otherwise.
- 2.3 The Development Plan for the site is comprised of the Strategic Development Plan ('SDP') for South East Scotland ('SESplan'), which was approved by Scottish Ministers with modifications on 27 June 2013, and the Edinburgh Local Development Plan ('LDP'), which was adopted in November 2016.

SESPLAN

- 2.4 The purpose of the SDP is stated as being to set out a clear definition for the future development of the SESplan area, where a spatial strategy is promoted. Paragraph 8 of the SDP notes that South East Scotland is the main growth area and the key driver of the Scottish economy, with Edinburgh at its heart; a leading European city that provides a wide range of services as Scotland's capital city.
- 2.5 The overarching vision for the SESplan area is stated as being "*by 2032, the Edinburgh City Region is a healthier, more prosperous and sustainable place which continues to be internationally recognised as an outstanding area in which to live, work and do business*".
- 2.6 Tourism is considered to be a sector of strategic importance to the economy of the SESplan area as a whole and Edinburgh as the Core of the Region is noted as being a "*major tourism and leisure destination*". The proposed development is therefore considered to accord with the broad requirements of the SESplan and that the change of use of the property to a short term let can contribute towards Edinburgh's role as a major tourist and leisure destination.

EDINBURGH LOCAL DEVELOPMENT PLAN

- 2.7 The Edinburgh LDP supports the city's role as Scotland's capital and recognises its importance as a key driver of the Scottish economy. A key aim of the LDP is supporting the growth of the city economy, which is based on a range of key sectors, including tourism.
- 2.8 At paragraph 108 the LDP recognises that Edinburgh's city centre is "*the vibrant hub of the city region – it's the regional shopping centre and an important tourist destination with a wide range of entertainment and cultural attractions. It has excellent public transport connections and provides employment for over 80,000 people. Edinburgh city centre's stunning setting and iconic architecture is celebrated internationally*".
- 2.9 The LDP continues at paragraph 190 that the Plan "*aims to ensure that development in the city centre achieves the right balance between a number of competing priorities*".
- 2.10 The application site is located approximately 180 metres north east of the boundary of the designated City Centre of Edinburgh as per the LDP Proposals Map. Within the context of the Proposals Map, the site is subject to the following policy designations:
- Old and New Towns of Edinburgh World Heritage Site;
 - New Town Conservation Area;
 - New Town Gardens and Dean Historic Garden Designed Landscape; and
 - Urban Area.

2.11 An extract of the LDP Proposals Map is copied below at Figure 2, with the site indicated.



Figure 2 – Extract of LDP Proposals Map

2.12 The site is also adjacent to the designated Leith / Leith Walk Town Centre, which is indicated by the block purple on Figure 2. The Town Centre starts just north of the city centre and extends down Leith Walk.

2.13 The key planning policy from the LDP against which proposals for the change of use of residential properties to short term lets will be assessed is Policy Hou 7 Inappropriate Uses in Residential Areas.

2.14 Policy Hou 7 states that “developments, including changes of use, which would have a materially detrimental effect on the living conditions of nearby residents, will not be permitted”. The supporting text for Policy Hou 7 states that the intention of the policy is to preclude the introduction or intensification of non-residential uses incompatible with predominantly residential areas and to prevent any further deterioration in living conditions in more mixed-use areas, which nevertheless have important residential functions.

2.15 Policy Env 1 World Heritage Sites states that “development which would harm the qualities which justified the inscription of the Old and New Towns of Edinburgh and/or the Forth Bridge as World Heritage Sites or would have a detrimental impact on a Site’s setting will not be permitted”.

2.16 Policy Env 4 relates to Listed Buildings – Alterations and Extensions and states that “proposals to alter or extend a listed building will be permitted where:

- a. Those alterations or extensions are justified;
- b. There will be no unnecessary damage to historic structures or diminution of its interest; and
- c. Where any additions are in keeping with other parts of the building”.

2.17 Policy Env 6 Conservation Areas – Development states that “development within the conservation area of affect its setting will be permitted which:

- a. Preserves or enhances the special character or appearance of the conservation area and is consistent with the relevant conservation area character appraisal;
- b. Preserves trees, hedges, boundary walls, railings, paving and other features which contribute positively to the character of the area; and
- c. Demonstrates high standards of design and utilises materials appropriate the historic environment”.

3.0 MATERIAL CONSIDERATIONS

GUIDANCE FOR BUSINESSES

- 3.1 The Guidance for Businesses ('the Guidance') was most recently updated by the CEC in November 2021. In relation to short term lets the Guidance states that in deciding whether planning permission will be required to change the use of a property into a short term let, regard will be had to:
- The character of the new use and of the wider area;
 - The size of the property;
 - The pattern of activity associated with the use including numbers of occupants, the period of use, issues of noise, disturbance and parking demand; and
 - The nature and character of any services provided.
- 3.2 The Guidance states that proposals for a change of use will be assessed in terms of their likely impact on neighbouring residential properties. Factors which will be considered include background noise in the area and proximity to nearby residents. In the case of short stay commercial leisure apartments, the Guidance states that "*the Council will not normally grant planning permission in respect of flatted properties where the potential adverse impact on residential amenity is greatest*".
- 3.3 The Guidance also states that "*change of use in flatted properties will generally only be acceptable where there is a private access from the street, except in the case of Houses in Multiple Occupation*".

PROPOSED CITY PLAN 2030

- 3.4 The Proposed City Plan 2030 was published for a period of public consultation between November and December 2021.
- 3.5 Policy Env 33 relates to Amenity and states that "*development will be supported by this policy where it is demonstrated that the amenity of future occupiers of the development and occupiers of neighbouring developments are not adversely affected by ensuring acceptable levels of amenity, particularly in relation to odour, space standards, noise, daylight, sunlight, privacy or immediate outlook*".
- 3.6 Policy Hou 7 Loss of Housing states that "*proposals which would result in the loss of residential dwellings through demolition or a change of use will not be permitted, unless in exceptional circumstances, where it would provide necessary community facilities without loss of amenity for neighbouring residents*".
- 3.7 The supporting text for proposed Policy Hou 7 states that the retention of existing dwellings is important as a means of meeting housing need. Over the last decade, Edinburgh has witnessed a significant increase in the use of residential properties for short term lets, reducing the number of homes available. In some areas this has resulted in the dilution of the residential population. Over and above that, any change of use of residential properties to commercial uses can have a detrimental impact on the amenity of residents, particularly where there is a high density of people occupying one building with communal areas. For these reasons, the change of use of a residential unit will only be permissible in exceptional circumstances, such as where the change of use would provide necessary community facilities.
- 3.8 Policy Hou 8 Inappropriate Uses in Residential Areas states that "*developments, including changes of use which would have a materially detrimental effect on the living conditions of nearby residents, will not be permitted*".

3.9 The supporting text for the policy states that “*the intention of the policy is to preclude the introduction or intensification of non-residential uses incompatible with predominantly residential areas and prevent any deterioration in living conditions in more mixed-use areas, which nevertheless have important residential functions*”.

PLANNING APPLICATIONS

3.10 Of material consideration to the submitted application for planning permission is how the CEC have determined similar proposals for the change of use of main door residential dwellings to short term lets to date. Table 2 outlines six applications for planning permission which have been granted by the CEC over the last 12 months.

3.11 Although it is appreciated that each application will ultimately be determined on its individual merits, as evident in Table 2, the applications for planning permission that have been granted by the CEC over the course of the last year all have the following in common:

- The properties have their own private entrances with no communal or shared spaces with other residential properties.
- The properties are all located in areas of the city where although there may be concentrations of residential use, they are all ultimately in areas with a busy, mixed-use nature and are located in proximity to commercial uses.
- The capacity of the properties and the total number of guests that the short term lets could accommodate were considered to be at a level that would not have an adverse impact on the amenity of neighbouring residential properties.

Table 2 – Applications Granted Planning Permission

Application Reference	Reasons for Approval
22/01415/FUL “ <i>Change of use of residential mews building to short term let (in retrospect)</i> ” at 1 Salisbury Mews, EH9 1QL	Granted planning permission on 4 August 2022 for the following reasons: <ul style="list-style-type: none"> • The property had its own access, directly from the kerbside and no private outdoor amenity space. • Any outside noise conflicts were considered to be from the main thoroughfare of Newington Road and given the location of the property near a busy, key city route, consisting of mixed uses including commercial, entertainment and leisure uses, there would already be a degree of background activity and ambient noise levels. • As a two-bedroom property, which could accommodate four people, the potential for disturbance to neighbours was considered to be low.
22/01239/FUL “ <i>Change of Use from residential to short-term let (Sui Generis) (in retrospect)</i> ” at 46 Cumberland Street, EH3 6RG	Granted planning permission on 6 July 2022 for the following reasons: <ul style="list-style-type: none"> • The property was a main door ground floor flat. Although considered to be in a predominantly residential area the property had its own access. • Any outside noise conflicts were considered to be from the road outside to the front of the property, which has two key thoroughfares at either end. • As a two-bedroom property suitable for four people the likelihood of disturbance to neighbours was considered to be low.
21/06615/FUL	Granted planning permission on 13 March 2022 for the following reasons:

<p><i>“Change of use of residential apartment to short-term let visitor accommodation” at 10A Blenheim Place, EH7 5JH</i></p>	<ul style="list-style-type: none"> • The property had its own access. • Any outside noise conflicts were considered to be from the road outside to the front or from the roads and parking areas to the rear of the building. Due to the location of the property, which is near two main thoroughfares and is in an area of mixed uses, including commercial, entertainment and leisure uses, the area was already to be considered to be one where the is “a degree of activity”. • As two bedroom property suitable for four persons the likelihood of disturbance to neighbours was considered to be low.
<p>21/03890/FUL</p> <p><i>“Change of use to short term letting” at 13 Dewar Place Lane, EH3 8EF</i></p>	<p>Granted planning permission 1 November 2021 for the following reasons:</p> <ul style="list-style-type: none"> • The area surrounding the application site was considered to have a mixed character where residential use does not predominate. This position was confirmed in an appeal decision at 4/4A Dewar Place Lane. • The property had its own access. • In the appeal decision for 4/4A Dewar Place Lane the Reporter considered that any resident already lives in an area subject to a considerable degree of transient activity associated with the comings and goings of visitors to the city, and other activity. This observation is material to the determination of the current application. It was considered that the conversion of the application site to a short term let would not have a further impact on residential amenity in terms of external noise.
<p>21/02664/FUL</p> <p><i>“Change of use of Drylaw House to short-term let visitor accommodation (Sui Generis)” at Drylaw House, 32 Groathill Road North, EH4 2SL</i></p>	<p>Granted planning permission on 10 September 2021 for the following reasons:</p> <ul style="list-style-type: none"> • The detached property had large garden grounds and its own private access. • Environmental Protection were consulted on the application, stating that they had no objections to the proposal and that “short term letting noise issues regularly comes down to how well the premises are being managed. The Applicant has advised that they would maintain a guest handbook containing robust terms and conditions, with all potential guests being vetted, and large deposits taken. They also have CCTV in the grounds to monitor for any antisocial behaviour”. • Planning permission had recently been granted for the change of use of the property to a hotel, which would permit people to arrive and stay at the premises for a short period of time on a regular basis throughout the year in a manner dissimilar to that of permanent residents.
<p>21/02615/FUL</p> <p><i>“Change of use from a residential property to short term commercial visitor accommodation” at 41 Barony Street, EH3 6NX</i></p>	<p>Granted planning permission on 11 August 2021 for the following reasons:</p> <ul style="list-style-type: none"> • The property is self-contained, with its own private access at the front. • Although located on a mainly residential street, the property was next to a small concentration of commercial and business uses at Broughton Market and local residents would be used to some degree of noise and disturbance. • As a two-bedroom flat the application property could accommodate four people, which the CEC considered would limit potential for large groups to gather, reducing the likelihood of any anti-social behaviour arising which could disrupt neighbours.

4.0 POLICY ASSESSMENT

PRINCIPLE OF THE DEVELOPMENT

- 4.1 The Applicant has operated the property as a short term let since 2019. The application site is a three-bedroom, ground floor flat, which has a private access directly from the street. The property has no access to any communal areas that are shared with any other residential flats in the wider block that the site forms part of and the windows that are located on either side of the main door to the property are located in rooms within the application site (a bedroom and a living room).
- 4.2 The application site is located approximately 200 metres south of the designated city centre of Edinburgh and is adjacent to Elm Row, which forms part of the principal arterial route that connects the city centre to Leith. As Elm Row leads to Princes Street southwest and to Leith Walk northeast, the application site is located in an active part of the city that experiences high levels of passing pedestrian footfall, as well as significant levels of passing bike, bus and vehicular traffic. There is also a bus stop adjacent to the entrance of the application site (Elm Row – Stop ED), which is typically populated with groups of people or Lothian Buses staff waiting for various bus services. In addition, when the construction works to extend the Edinburgh tram line to Newhaven are complete, the tram will also pass by the application site on a frequent basis.
- 4.3 Policy Hou 7 in the LDP seeks to preclude the introduction or intensification of non-residential uses that are incompatible with predominantly residential areas. Although it is recognised that there are residential properties present in the area, given the proximity of the application site to the city centre and Leith Walk, it is not considered that the application site is a “*predominantly residential area*”. Commercial uses predominate in the area surrounding the application site, particularly at the ground and basement floor levels of the buildings that line Elm Row and Leith Walk. The mix of commercial uses present in the area surrounding the application site includes shops, bars, restaurants and cafes, as well as a number of hostels, hotels and short term let apartments (including the Cairn Hotel, Hanover House, Edinburgh Central Youth Hostel and Annandale Executive Suites). The Playhouse Theatre is also located approximately 220 metres from the application site.
- 4.4 Out with predominantly residential areas, Policy Hou 7 looks to prevent any “*further deterioration in living conditions*” of more mixed-use areas. As the application site is located in a busy area where there is a significant degree of commercial activity, it is likely that any permanent residents who choose to live there experience heightened levels of ambient street noise in comparison to areas that have a greater residential concentration. Against the backdrop of existing city centre noise and traffic, and in light of the fact that the application site is both self-contained and with its own private entrance directly from the street, it is considered that the experience of people arriving and departing from the application site will be significantly less noticeable to residents than it would be in a quieter location with more residential uses and where there are elements of shared and communal spaces.
- 4.5 The application site is clearly advertised as a three bedroom property that can accommodate a maximum of six adult guests. The application site is not therefore the type of short term let that would attract, or can physically accommodate, large groups, which historically have had the greatest adverse impact on the amenity of neighbouring residents. The ‘House Rules’ for the property, which are listed as part of the description of the site, clearly state that parties and events are not allowed at the property, including “*hen, stag or similar parties*”. BHH, who manage the property on behalf of the Applicant, also vet each booking request to ensure that this rule is being adhered to.

- 4.6 In terms of any parking demand that may be generated by the use of a property as a short term let, the property is clearly advertised as being located within the city centre of Edinburgh, with no access to private parking, but good access to city centre attractions on foot or by using public transport, including the bus and tram. Any prospective guests are advised at the time of booking that parking reservations are not possible at the site and that public parking may be possible on street, subject to availability, or at third party parking facilities, where charges may be applicable.
- 4.7 Given the character of the application site, which has its own private entrance, and the busy commercial character of the area surrounding the application site, it is not considered that the change of use proposed will have an adverse impact on residential amenity. It is therefore submitted that the proposal can draw significant support from the Guidance for Businesses and that the development aligns with the requirements of Policy Hou 7 Inappropriate Uses in Residential Areas in the Edinburgh Local Development Plan.

THE HISTORIC ENVIRONMENT

- 4.8 Due to the proposals relating to a listed building, the proposals require to be assessed in terms of Section 59 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997.
- 4.9 Section 59 (1) states that "*in considering whether to grant planning permission for development which affects a listed building or its setting, a planning authority or the Secretary of State, as the case may be, shall have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses.*"
- 4.10 There are no external or internal alterations proposed. As such, the proposal will not have an adverse impact on or cause harm to the listed building. The setting of the listed building and the setting of neighbouring listed buildings will be unaffected by the proposal.
- 4.11 Section 64(1) states that "*with respect to any buildings or other land in a conservation area, of any powers under any of the provisions in subsection (2), special attention shall be paid to the desirability of preserving or enhancing the character or appearance of that area.*"
- 4.12 The application site is located within the New Town Conservation Area and in the Gayfield Estate. The layout for the Gayfield Estate was less formal than the earlier New Town developments, with Gayfield Square at the centre, opening onto Leith Walk. The area contains tenement blocks, villas and rows of smaller houses.
- 4.13 No external alterations are proposed therefore the proposal will preserve, and not harm, the appearance of the New Town Conservation Area. The change of use of the application from a three bedroom domestic flat, albeit in retrospect, to a short term holiday let will not have any material impact on the appearance of the Conservation Area or the World Heritage Site. The character of the area surrounding the application site is one of mixed use and as the property has been operating as a short term let since 2019, it is submitted that the development currently contributes to the character of the area.

MONTAGU EVANS

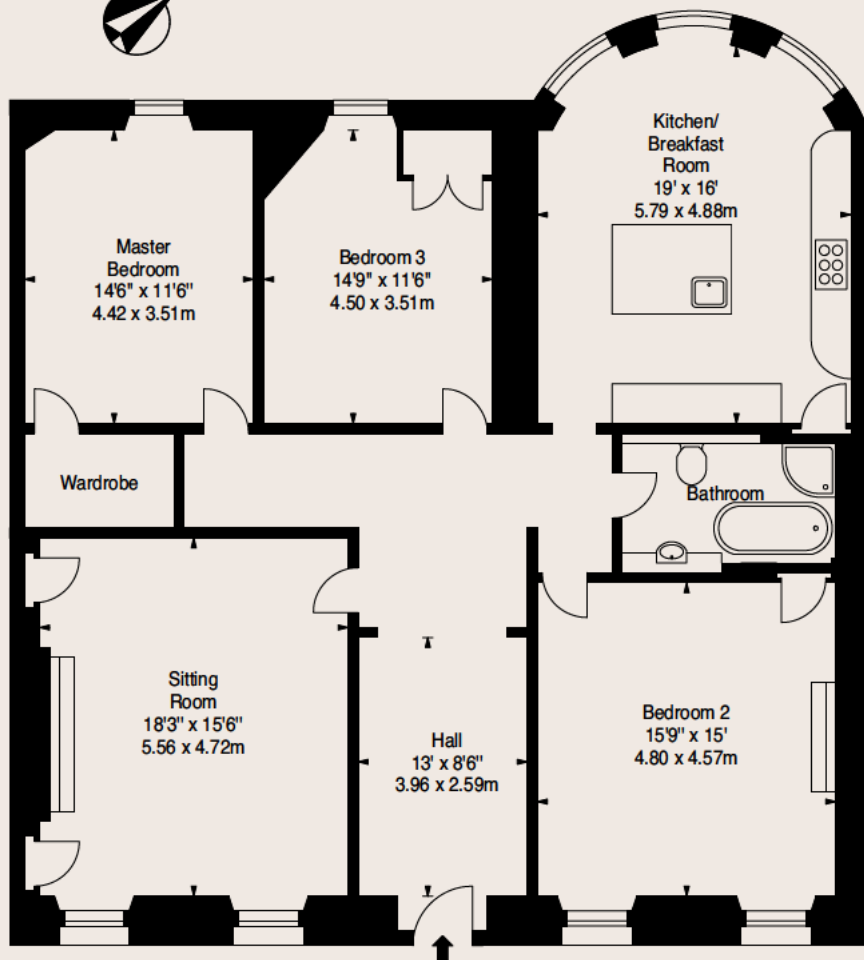
**4TH FLOOR, EXCHANGE TOWER
19 CANNING STREET
EDINBURGH
EH3 8EG**



WWW.MONTAGU-EVANS.CO.UK

London | **Edinburgh** | Glasgow | Manchester

Gayfield Place, EH7 4AB
Approx. Gross Internal Area
1650 Sq Ft - 153.29 Sq M



Ground Floor

Montagu Evans LLP.
FAO: Lisa Proudfoot
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EG

Mr Clerk
2 Gayfield Place
Edinburgh
EH7 4AB

Date: 1 February 2023

Your ref: 22/04991/FULSTL

Dear Sir/Madam

TOWN AND COUNTRY PLANNING (SCOTLAND) ACT 1997 (as amended):

Change of use from residential to short term let (in retrospect).

2 Gayfield Place Edinburgh
EH7 4AB

REFERENCE NUMBER: 22/04991/FULSTL

REQUEST FOR INFORMATION

The [Revised Draft National Planning Framework 4](#) (NPF 4) was approved by the Scottish Parliament on 11 January 2023. This plan is now a significant material consideration and is due to become part of the Development Plan from 13 February 2023. All planning applications must be considered against the relevant policies contained within NPF 4 in addition to the [Edinburgh Local Development Plan](#) (LDP).

NPF 4 contains a specific policy on short term lets, Policy 30(e) states:

e) Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:

i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or

ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.

If you wish to provide a planning statement on how your proposal complies with the above policy, please do so by **15 February 2023**. This must be uploaded via [eplanning.scot](#) using application number **22/04991/FULSTL**.

Yours faithfully

Planning Officer

PLACE
Planning & Building Standards
City of Edinburgh Council
Waverley Court, 4 East Market Street
Edinburgh, EH8 8DG

13 February 2022

Dear Sir / Madam,

CHANGE OF USE FROM RESIDENTIAL TO SHORT TERM LET (IN RETROSPECT) AT 2 GAYFIELD PLACE, EDINBURGH, EH7 4AB
APPLICATION REFERENCE NUMBER 22/04991/FULSTL

Montagu Evans represent the owner of the application site. We write on behalf of our client, and in response to the Council's letter dated 1 February 2023 requesting further information on the National Planning Framework 4.

On 11 January 2023, the Scottish Parliament voted to adopt the National Planning Framework 4 (NPF4). This completes the statutory process for the approval of NPF4 and as such the Scottish Government proceeded with its adoption on 13 February 2023.

The NPF4 immediately replaces NPF3, incorporates Scottish Planning Policy (SPP) and will have the status of the development plan for planning purposes. Publication of the NPF4 on 13 February will also have the effect that all strategic development plans and any supplementary guidance issued in connection with them cease to have effect on that date.

NPF4 continues to encourage the planning system to stimulate investment and economic growth by providing certainty for investors, whilst also providing increased flexibility in policy terms to allow the planning system to respond more effectively to market opportunities as they emerge.

NPF4 contains a specific policy on short term lets. Policy 30(e) states:

- e) Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:*
- i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or*
 - ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.*

Although it is recognised that there are residential properties present in the area, given the proximity of the application site to the city centre and Leith Walk, it is not considered that the application site is a "predominantly residential area". Commercial uses predominate in the area surrounding the application site, particularly at the ground and basement floor levels of the buildings that line Elm Row and Leith Walk. The mix of commercial uses present in the area surrounding the application site includes shops, bars, restaurants and cafes, as well as a number of hostels, hotels and short term let

apartments (including the Cairn Hotel, Hanover House, Edinburgh Central Youth Hostel and Annandale Executive Suites). The Playhouse Theatre is also located approximately 220 metres from the application site.

Given the character of the application site, which has its own private entrance, and the busy commercial character of the area surrounding the property, it is not considered that the change of use proposed will have any adverse impact on local amenity or the character of the neighbourhood and wider area. It is considered that the proposals therefore comply with the first criteria noted above. Further assessment of character and suitability of the proposals was provided in our Planning Statement submitted with the application.

In terms of the second criteria, the change of use proposal is for a single unit and it is therefore not considered to contribute to any significant loss of residential accommodation. There would be a local economic benefit in its change of use by providing valuable tourist accommodation in a busy area of the city. In addition to this there would be income generated to the local business, as well as business generated for the letting agencies responsible for listing the property, further trade for cleaners/maintenance staff and additional spending by guests in the local area including at local restaurants, shops and tourist attractions.

Overall the proposals are considered to comply with Policy 30(e) of the NPF4. The policy intent is noted as being to encourage, promote and facilitate sustainable tourism development which benefit local people, is consistent with the Government's net zero and nature commitments, and inspires people to visit Scotland. It further states that LDPs should support the recovery, growth and long-term resilience of the tourism sector.

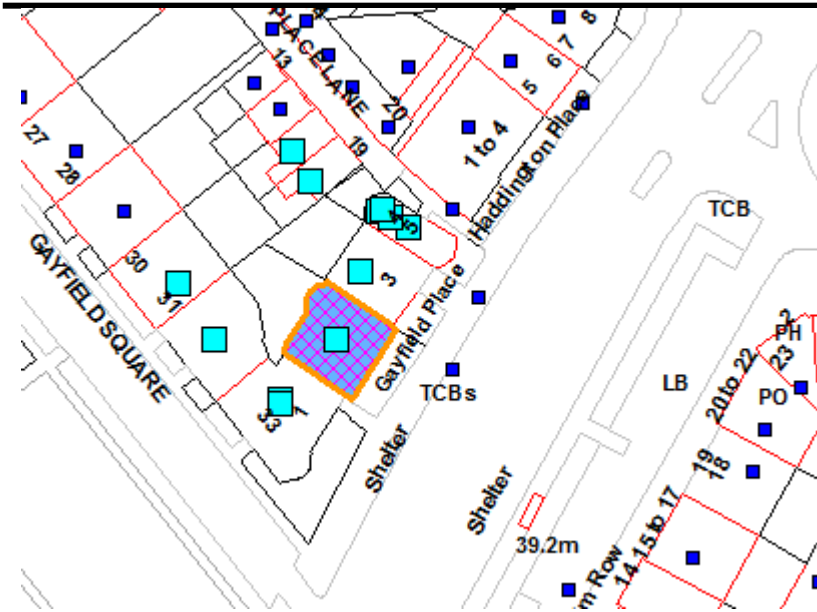
We trust that the above is satisfactory and that you are in a position to positively determine the application. Should you require any further information at this stage, please do not hesitate to contact Lisa Proudfoot (lisa.proudfoot@montagu-evans.co.uk / 07342 054 133) of this office direct.

Yours faithfully,



MONTAGU EVANS LLP

Neighbours Notified for 22/04991/FULSTL Date 18 October 2022



Location Plan

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3F2 31 Gayfield Square Edinburgh EH1 3PA

3F1 31 Gayfield Square Edinburgh EH1 3PA

1F1 31 Gayfield Square Edinburgh EH1 3PA

30 Gayfield Square Edinburgh EH1 3PA

2F1 31 Gayfield Square Edinburgh EH1 3PA

BF2 30A Gayfield Square Edinburgh EH1 3PA

2F2 31 Gayfield Square Edinburgh EH1 3PA

1F2 31 Gayfield Square Edinburgh EH1 3PA

BF1 30A Gayfield Square Edinburgh EH1 3PA

17 Gayfield Place Lane Edinburgh EH1 3NZ

3F2 1 Gayfield Place Edinburgh EH7 4AB

Former 4B Gayfield Place Edinburgh EH7 4AB

1F1 1 Gayfield PlaceEdinburghEH7 4AB
2A Gayfield Place EdinburghEH7 4AB
21 Gayfield Place Lane EdinburghEH1 3NZ
Flat 1 23 Gayfield Place LaneEdinburghEH1 3NZ
Flat 2 23 Gayfield Place LaneEdinburghEH1 3NZ
4A Gayfield Place EdinburghEH7 4AB
32 Gayfield Square EdinburghEH1 3PA
33B Gayfield Square EdinburghEH1 3PA
GF 4 Gayfield PlaceEdinburghEH7 4AB
2F1 3 Gayfield PlaceEdinburghEH7 4AB
3F2 3 Gayfield PlaceEdinburghEH7 4AB
3F1 3 Gayfield PlaceEdinburghEH7 4AB
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3F1 1 Gayfield PlaceEdinburghEH7 4AB
2F2 1 Gayfield PlaceEdinburghEH7 4AB
2F1 1 Gayfield PlaceEdinburghEH7 4AB
1F2 1 Gayfield PlaceEdinburghEH7 4AB
33 Gayfield Square EdinburghEH1 3PA
32B Gayfield Square EdinburghEH1 3PA
19 Gayfield Place Lane EdinburghEH1 3NZ

Comments for Planning Application 22/04991/FULSTL

Application Summary

Application Number: 22/04991/FULSTL

Address: 2 Gayfield Place Edinburgh EH7 4AB

Proposal: Change of use from residential to short term let (in retrospect).

Case Officer: Local1 Team

Customer Details

Name: Juan Larraz

Address: 17, Gayfield Place Lane EDINBURGH

Comment Details

Commenter Type: Neighbour-Residential

Stance: Customer objects to the Planning Application

Comment Reasons:

Comment:As a local resident in Gayfield Place Lane, I feel very strongly that the proposed change would be detrimental to the local community. There are already multiple short term tourist lets in the area, which have led to unacceptable levels of noise at night. Furthermore, I believe that this change will contribute to the already existing housing crisis, we know that a lot of tourist lets lie empty for extended periods in the year whilst many locals struggle to find affordable housing. This is an unacceptable change.



By email to:
benny.buckle@edinburgh.gov.uk

City of Edinburgh Council
Planning and Strategy
4 Waverley Court
East Market Street
Edinburgh
EH8 8BG

Longmore House
Salisbury Place
Edinburgh
EH9 1SH

Enquiry Line: 0131-668-8716
HMConsultations@hes.scot

Our case ID: 300065405
Your ref: 22/04991/FULST
09 May 2023

Dear City of Edinburgh Council

Town and Country Planning (Development Management Procedure) (Scotland)
Regulations 2013
2 Gayfield Place Edinburgh EH7 4AB - Change of use from residential to short term let
(in retrospect)

Thank you for your consultation which we received on 27 April 2023. We have assessed it for our historic environment interests and consider that the proposals affect the following:

Ref	Name	Designation Type
100018438, LB28798,	Edinburgh World Heritage Site Boundary, 1-5 (INCLUSIVE NOS) GAYFIELD PLACE AND 33-33A GAYFIELD SQUARE INCLUDING RAILINGS,	World Heritage Sites, Listed Building,
GDL00367	THE NEW TOWN GARDENS	Garden and Designed Landscape

You should also seek advice from your archaeology and conservation service for matters including unscheduled archaeology and category B and C-listed buildings.

Our Advice

We have considered the information received and do not have any comments to make on the proposals. Our decision not to provide comments should not be taken as our support for the proposals. This application should be determined in accordance with national and



local policy on development affecting the historic environment, together with related policy guidance.

Further Information

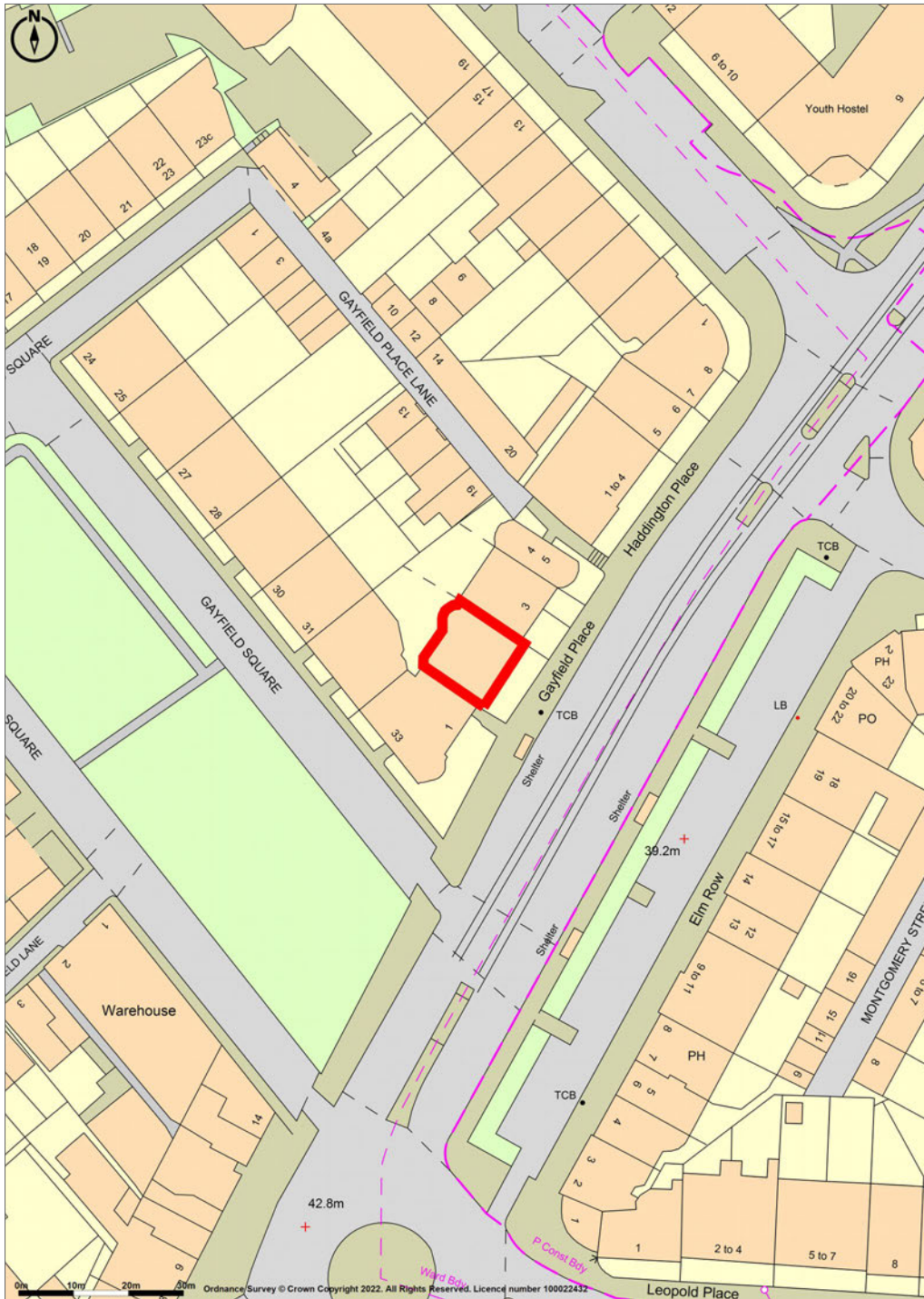
This response applies to the application currently proposed. An amended scheme may require another consultation with us.

Guidance about national policy can be found in our 'Managing Change in the Historic Environment' series available online at www.historicenvironment.scot/advice-and-support/planning-and-guidance/legislation-and-guidance/managing-change-in-the-historic-environment-guidance-notes/. Technical advice is available through our Technical Conservation website at www.engineshed.org.

Yours faithfully

Historic Environment Scotland

2 Gayfield Place, Edinburgh, EH7 4AB



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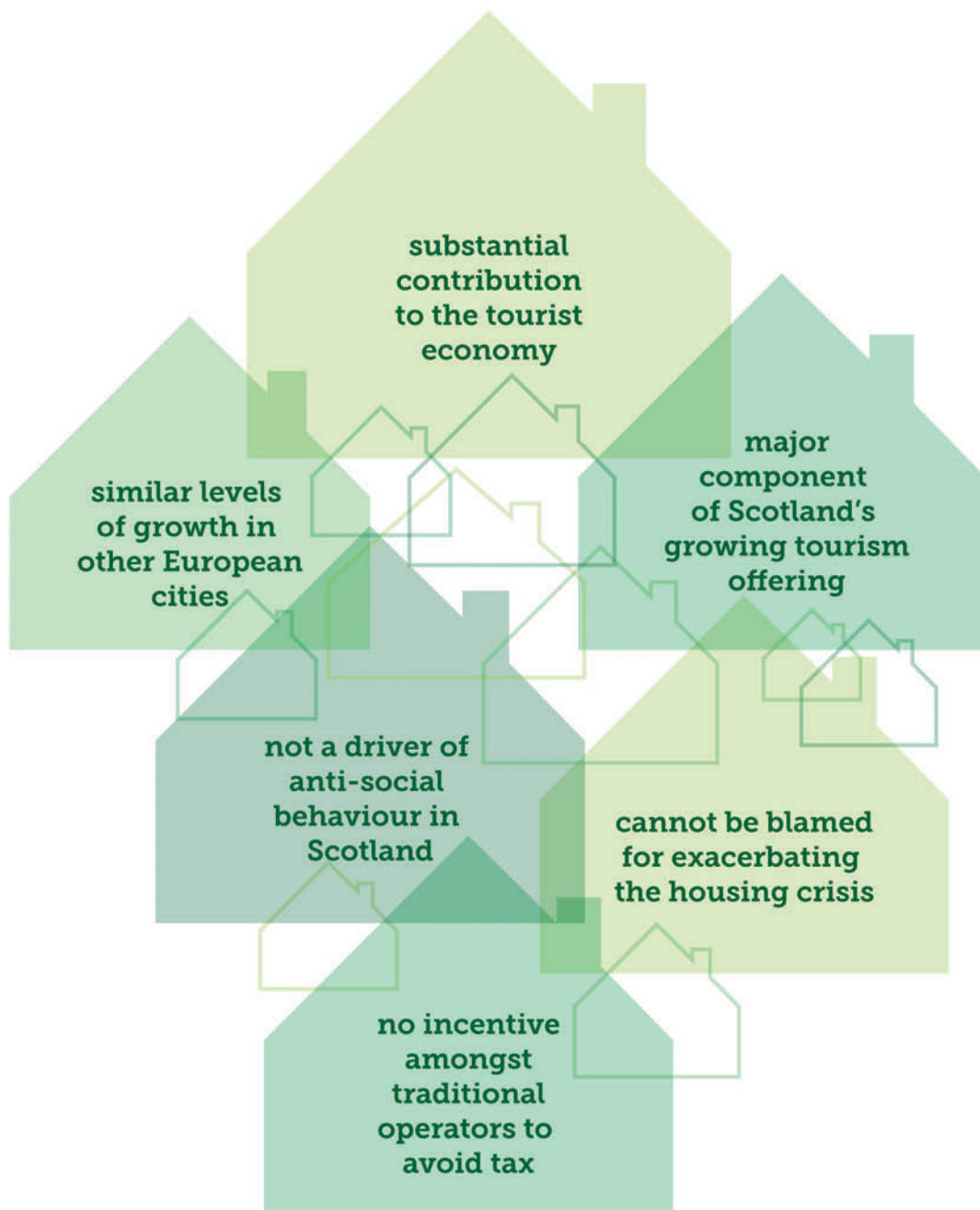


Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland

**A report by Frontline for
The Association of Scotland's Self-Caterers**

June 2018

frontline
we help you do things better



Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland

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Executive Summary

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

The Association of Scotland's Self-Caterers (ASSC) commissioned Frontline Consultants Ltd (Frontline) to produce an evidence base to investigate these criticisms and demonstrate the sector's impact on key areas across Scotland.

Frontline's research has shown:

- **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 behaviour 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

It is clear that countries and cities are working with the STR sector and Collaborative Economy (CE) platforms to keep up with the ever-growing level of tourism across the globe. As more and more people travel and as technology continually advances, policy-makers, STR operators and CE platforms must continue to work together, share knowledge and adapt when there are any significant detrimental effects on the social, economic or environmental fabric of an area.

The claims that the STR sector is expanding uncontrollably as a result of CE platforms, driving people out of housing areas, driving up antisocial behaviour and avoiding tax are simply unfounded. The claims in themselves potentially threaten the ability of the STR sector to play a role in supporting tourism growth across Scotland, in part benefiting from the technological advancements offered by CE platforms.

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

1 Introduction

1.1 Background

The STR Sector has a long history in Scotland and should not be considered to be the same as the emerging collaborative economy (CE) model of STR that is perceived by some to be causing problems in city centres. Indeed, many misconceptions surrounding STRs have appeared as a direct result of the exponential growth of online platforms such as Airbnb. The lines are blurry, however, with many traditional operators now using the collaborative model as part of their route to market.

Overall, there are **four different models of STR** operation, running alongside each other:



1. Traditional self-catering STR (non-serviced accommodation)
2. Collaborative Economy STR via online platforms (Airbnb, Booking.com, HomeAway, HouseTrip etc) (largely non-serviced accommodation)
3. Serviced apartments (a type of furnished apartment available for short-term or long-term stays, which provide amenities along the same lines as a traditional hotel) (serviced accommodation)
4. Apart hotels (serviced accommodation)

It is also critical to understand the difference between professional/full time operators of STR and the amateur or peer-to-peer/part-time players when looking at this as a sector.

The ASSC recently published an economic impact assessment study of the traditional self-catering sector to the Scottish economy¹. The aim of the study was to provide an independent, evidence-based understanding of the direct and indirect economic impact/contribution of the self-catering sector to the Scottish economy.

1.2 Research objectives

The objectives of our research were to understand:

- the role of STR and the Collaborative Economy (CE), in a wider tourism context
- whether STR is having an impact on housing stock
- whether antisocial behaviour is increasing as a result of STR
- whether STR operators are actively avoiding tax

¹ <https://www.assc.co.uk/about-us/assc-economic-impact-assessment-short-term-lettings-scottish-economy/>

- what other cities and countries across Europe are doing to support the development and minimise the potential impact of CE platforms

This report is structured around these objectives.

1.3 Approach

The approach to the research was three-fold:

1. desk review – detailed review of current publications and wider web sources which are referenced throughout this report
2. stakeholder interviews – consultations across industry stakeholders, platform providers and agencies
3. operators – survey of Scottish STR operators across ASSC members and non-members (268 responses received)

All evidence used throughout this report was taken from reliable sources and directly from operators and stakeholders. Data was provided by Airbnb and SuperControl to show the STR trends aligned to collaborative economy (CE) and traditional platforms respectively. We consider Airbnb to be representative of the CE, although we recognise that there are many other players. We note that previous reports on STR have not provided a balanced view of their impact in Scotland as they have not relied on sufficiently robust evidence; no data-scraped 'evidence' has been used in this report.

2 Context

2.1 Tourism in the UK

VisitBritain's latest estimates for 2017 include:

- 39.9m visits, an increase of 6.2% on 2016
- the forecast for spending by visitors was £25.1bn, an 11.6% increase on 2016

VisitBritain's forecast for 2018 include:

- 41.7m visits, an increase of 4.4% on 2017
- £26.9bn in visitor spending, an increase of 6.8% on 2017

VisitBritain has announced² that 2017 was a record year for inbound tourism to the UK, and with growth set to continue in 2018. **The importance of tourism to the UK economy cannot be under-played.**

2.2 Tourism and self-catering in Scotland

In 2016, there were 14.45 million tourism trips to Scotland; the domestic market accounted for 81% with overseas tourism accounting for the remaining trips. The months of July to September were the most popular for holidays in Scotland amongst both UK and overseas visitors, during which time 28% of domestic trips and 40% of overseas trips were made.

The latest report from VisitScotland for the period January 2017 – September 2017 indicated that **domestic tourism in Scotland was up 9% in volume and 13% in value** compared to 2016. Similarly, international tourism was up 15% in volume and 18% in expenditure. Another record year seems to be on the cards!

Full year figures (2017) are available from the Association of Scottish Visitor Attractions (ASVA)³ and these confirm that **over 30 million visits were made to attractions in Scotland in 2017, a rise of 9.7% over 2016. Overall, 77% of attractions reported an increase on the 2016 figures, with a significant number noting that 2017 was their "best year to date"**. This confirms that 2017 was yet another significant year for tourism in Scotland.

Tourism forms an important part of Scotland's economy, **with tourism businesses generating a combined turnover of £7bn** (3% of Scotland's turnover), employing 211,000 people (12% of Scotland's workforce), and contributing £3.8bn in GVA terms (4% of Scottish GVA)⁴.

Self-catering or STR is an important component of the tourism sector and estimates from VisitScotland⁵ show that approximately 17% of all tourist visitors stay in self-catering accommodation. Considering the strong likelihood of further tourism growth across the UK, and in Scotland in particular, STR will play an important role in accommodating ever-increasing number of visitors to and within Scotland.

Table 2.1 shows the importance of STR across key tourism destinations. With Scotland likely to have experienced a significant increase in overnight and

² <https://www.visitbritain.org/tourists-uk-forecast-spend-record-level-2018>

³ ASVA, Visitor Trends Report, 2017

⁴ Scottish Annual Business Statistics, Scottish Government, 2017

⁵ Tourism in Scotland's Regions, VisitScotland, 2016

international tourism in 2017 and with forecasts suggesting sustained growth, this sub-sector should therefore be supported.

Table 2.1: Self-Catering Trips as a Proportion of All Trips

	% Self-Catering
Aberdeen and Grampian	15%
Edinburgh & Lothians	36%
Glasgow and Clyde Valley	2%
Kingdom of Fife	9%
Highlands and Islands	39%
Perthshire	19%

2.3 Self-catering or short-term rental: definitions and thresholds

The STR sector sits between domestic housing and commercial. The sector is defined in both camps, depending on who is defining it:

- *available for let* for under 140 days means the property is in the Council Tax system; *available for let* for over 140 days places the property in the Non-Domestic Business Rates system
- to qualify as trading businesses under the Furnished Holiday Let (FHL) tax rules, a property must be *available for let* for 210 days and *actually let* for 105 days.
- lets over 35 days have different VAT treatment (for VAT registered businesses)
- holiday letting property is classed as domestic by HMRC in relation to VAT on fuel and electricity. (VAT Notice 701/19 Fuel and Power, Section 3.22)
- for holiday lets, there is no formal tenancy as such, with visitors being covered by Section 12 (2) and paragraph 8 of Schedule 4 of the Housing (Scotland) Act 1988. This is cited by most operators in their terms and conditions but is now superseded by the Private Housing (Tenancies) (Scotland) Act 2016

Where a room only is let, the owner-occupiers, or tenants (owners), are responsible for declaring their income (minus any expenditure) for tax purposes. Owners can opt into the HMRC approved 'Rent a Room' scheme which allows for a tax-free allowance of £7,500 per annum, or £3,750 if letting jointly. Owners must also consider if this is the best approach as expenditure can be off-set against rental income.

When reviewing these definitions, the majority of traditional STR providers are those who rent a property year round and therefore pay tax, through Council Tax, or, more likely, through business rates (as per thresholds above).

When a self-caterer uses a collaborative platform such as Booking.com or Airbnb, they are still subject to the thresholds described above. This is in contrast to peer-to-peer operators and those renting a room using a CE platform, who are generally subject to tax through personal income tax and local authority Council Tax.

2.4 Economic impact of traditional short-term rental on the Scottish economy

During 2016/17, ASSC commissioned Frontline to assess the economic impact of traditional STR on the Scottish economy. The research focused on non-serviced STR and excluded the sharing online STR economy platforms such as Airbnb, Homeaway, and serviced apartments and aparthotels.

From the Frontline report, the impact of STR on the Scottish economy can be summarised as follows:

- 16,692 properties
- 3.4m visitor nights
- £723.3m of visitor spend of which 43% (£312.8m) is in accommodation
- 15,271 FTE jobs
- £293.1m of GVA

Over and above the accommodation, visitors staying in STR also spend money on:

- travel: £118.5m to and from property and £45.1m during stay
- food and drink: £66.3m in bars, cafes, restaurants; £63.1m in supermarkets; £27.5m in local shops
- other shopping: £48.0m
- visitor attractions: £24.8m
- outdoor recreation: £17.1m

From this we can see that traditional STR has a considerable impact on the Scottish economy, of which less than half (43%) relates directly to accommodation. With the projected growth in tourism required to meet the Scottish Tourism Strategy targets⁶, which aim to grow visitor spend in Scotland by £1bn (from £4.5bn to £5.5bn) by 2020, this will increase the role of STR as a core part of this sector. From the operator survey,⁷ over half (57%) of respondents reported an increase in the number of rental nights over the last five years and 41% expected a further increase in the next five years.

In 2016, host and guest activity on Airbnb generated £499m for the Scottish economy.⁸ The average annual typical earning of a host was £3,600, with the total income earned being £68m.⁹ Additionally, there were one million inbound guests between March 2016 and March 2017, and Edinburgh in particular saw 411,000 inbound guests in the same period. According to a report on the CE, the rise of this in the accommodation sector is partly fuelled by visitors wanting to 'live like a local'.¹⁰ The impact of STR on the Scottish economy, particularly in helping meet tourism targets, will increase substantially over the next 5 to 10 years.

⁶ Scottish Tourism Alliance, Tourism Scotland 2020, 2012

⁷ STR Operator Survey, Frontline 2018

⁸ Airbnb: Introduction to Airbnb in Scotland

⁹ Airbnb: Overview of the Airbnb community in Scotland

¹⁰ Scottish Enterprise: The Collaborative Economy and Scottish Tourism, executive summary, p81

2.5 Trends and developments in the tourism collaborative economy

The CE¹¹ connects individuals and communities via online platforms, enabling the sharing or provision of goods and services, assets and resources, without the need for ownership. It has grown exponentially over recent years, producing a significant impact on several sectors of the global economy, including tourism.

According to a recent report by PwC¹², the CE has generated revenues of €3.6bn across Europe; peer-to-peer (P2P) accommodation represented 32% of this. The UK has emerged as a hub for the sharing economy within the region and contributed to around a third of this activity in 2015.

The pace of growth has accelerated significantly in the last few years, **with platforms estimated to have more than doubled their revenues in Europe between 2013 and 2015.** In a prior report¹³. PwC estimated that by 2025, the CE could generate global revenues of \$335bn.

The UK's sharing economy has **grown at the fastest rate in Europe**, with transactions almost doubling to £7.4bn in 2015, and platforms taking home £850m of this total.

PwC describe P2P accommodation as households sharing access to unused space in their home or renting out a holiday home to travellers, but also includes commercial lettings. They estimate that this is the largest sector of the CE in Europe at €15.1bn by transaction value.

The recent Scottish Government report on the CE¹⁴ found that 35% of adults have used a collaborative platform, and that this was highest in the 18-34 age bracket. However, from this we see that tourism activity related to home sharing was only highlighted by 21%, which was considerably behind the purchase of second hand goods at 46%.

According to Skift¹⁵, the biggest P2P accommodation platforms with listings in Scotland include:

- Airbnb: 21,900 active listings¹⁶ and 12,600 hosts¹⁷ in Scotland
- Couchsurfing: 64,500 hosts in Scotland of which 11,000 in Edinburgh
- Flipkey: 7,000 listings in Scotland
- Homeaway: 2,500 listings in Scotland
- Housetrip: 7,000 listings in Scotland
- Wimdu: under 1,000 listings¹⁸

A report, *The Collaborative Economy and Scottish Tourism*¹⁹ was commissioned by Scottish Enterprise, in partnership with the Scottish Government and the Scottish Tourism Alliance, to understand the scale and the opportunity of the CE and Scottish tourism.

This was published in January 2018. Pertinent to this research was the difficulty in accurately defining and measuring the sector and its component parts, and its relationship with the more traditional volume and value measures of tourism in Scotland

¹¹ The Scottish Government has opted to use the term 'collaborative economy' as one which encompasses the nature of users, providers and transactions which take place.

¹² Assessing the size and presence of the collaborative economy in Europe, 2016

¹³ PwC, The Sharing Economy Grows Up, 2015, <http://www.pwc.co.uk/issues/megatrends/collisions/sharingeconomy/the-sharing-economy-sizing-the-revenue-opportunity.html>

¹⁴ Scottish Expert Advisory Panel Collaborative Economy Evidence Paper 2018

¹⁵ Skift, The State of the Global Vacation Rental Market, 2017

¹⁶ Airbnb, UK Insights Report, 2017

¹⁷ Airbnb, Overview of Airbnb in Scotland, 2017

¹⁸ All figures except Airbnb are approximate and are based on November 2017 figures

¹⁹ Scottish Enterprise: The Collaborative Economy and Scottish Tourism, Exec Summary, p2

2.6 What the traditional short-term rental operators are saying

In order to gain more insight into STR and the CE, based on the lack of official statistics and research in this area, Frontline carried out a survey of traditional STR operators including ASSC members and non-members during February and March 2018.

The following feedback was provided by **268 respondents**:

- 61% operate multiple properties; only 1% rented a private room
- 42% operate in city centre/urban areas
- 37% state this was their sole income, and 53% an additional income
- 85% rent for over 140 days per annum and 90% met FHL levels
- 81% pay business rates only, 9% Council Tax only, 10% pay both
- most frequent routes to market: own website (88%); word of mouth/repeat business (81%); group platform (76%); collaborative economy (CE) platform (67%); social media (65%)
- most frequent CE platforms: Airbnb (60%); Trip Advisor (55%); Holiday Lettings (41%); Booking.com (41%)
- most frequent additional routes to market: VisitScotland (88%); EmbraceScotland (69%)
- maturity of route to market:
 - website – 70% over 5 years, 19% 2-5 years
 - group platform – 68% over 5 years, 21% 2-5 years
 - CE platform – 34% over 5 years, 43% 2-5 years
 - Social media – 26% over 5 years, 44% 2-5 years

One of the key findings from this research was the increasingly important role played by collaborative platforms as a route to market for operators - with 67% calling it an important marketing avenue. There was a wide range of collaborative platforms being used, notably Airbnb and TripAdvisor, but others were also quoted. The survey also highlighted the growing importance of collaborative platforms, and social media, having both increased by around 43% over the last 2 to 5 years.

These results confirm the significance of the CE, and although traditional forms of marketing and bookings are important, there is a definite shift towards CE platforms and the evidence suggests this will continue.

2.7 What the platforms are saying

While there are a range of collaborative platforms supporting tourism and in particular tourism accommodation, the largest and most prominent one is Airbnb and as such we have used data provided directly from them. Data was also accessed from SuperControl, a leading Scottish based booking and channel management software provider. SuperControl integrates with Airbnb, so some data will be duplicated.

Airbnb has listings in 191 countries and has worked with key agencies in Scotland over the last 12–18 months by supplying facts, figures and forecasts, as well as feedback from hosts and customers, to help establish a better understanding of the sector and guide future policy.

For these reasons, this research has reviewed data submitted by Airbnb²⁰ in 2017 including a further position paper developed for this research in 2018²¹. These reports provide a useful insight into Airbnb's community of hosts and guests in Scotland, especially in Edinburgh.

The key findings include:

Airbnb hosts:

- 12,600 hosts – of which 5,400 (43%) in Edinburgh
- median nights hosted: 40
- 76% rented primary or secondary home
- 41% relied on Airbnb income to make ends meet
- listings by type: 58% entire home, 41% private room, 1% shared room
- total income earned by host community: £68m
- on average, hosts earn £3,600 a year via the platform (£3,900 in Edinburgh)
- the average age of a host in Scotland was 48, five years higher than the national average
- a large proportion of hosts are non-traditional workers; almost a third of hosts (32%) are self-employed
- almost a third of hosts (29%) are in full-time employment
- over the last year, hosts in Scotland welcomed over 1,000,000 guests into their homes, typically sharing their space for 38 nights per year, which equates to 3 nights per month; this is lower than the UK average of 50 nights a year
- the majority (54%) of listings across Scotland were booked on Airbnb for under 30 nights a year. This activity was also reflected in urban markets, including Edinburgh (53%)
- a small percentage (21%) of listings in Edinburgh were booked for over 90 nights and 9% of listings were hosted for over 180 nights

Airbnb listings:

- there were 21,900 active listings across Scotland, out of a total 168,000 in the UK
- the majority (59%) of listings in Scotland were entire homes but a large percentage (40%) of listings were spare rooms
- the Highlands was Scotland's second most popular listing destination. Listings in the area are now higher than Glasgow and rose by 81% in the past year
- as of 1st July 2017, Edinburgh has 9,000 listings in the city region. Listings in Edinburgh have grown by an average 43% year on year, which is relatively in line with Scotland's top five destinations
- in the top five Scottish destinations, more than three quarters of hosts (78%) have one listing on the platform, with 92% of hosts sharing their space in 1-2 listings
- hosts with multiple listings were in the absolute minority. Hosts with 5+ properties accounted for just 2% of the total host community, but this indicates an interest from the more traditional players in using the platform as a new channel to consumers

Airbnb guests:

- 802,000 guests – of which 411,000 (51%) in Edinburgh (where there was 90% growth on previous year), with more than 70,000 during the Festival
- average length of stay: 2.8 nights

²⁰ Airbnb, Overview of the Airbnb community in Scotland,

²¹ Airbnb, The Collaborative Economy and Tourism in Scotland

- average travel party size: 2.5 people
- 87% visited Scotland for vacation and leisure
- 30% said they would not have come or stayed as long without Airbnb
- 45% from UK, 27% from Rest of Europe, 16% from North America
- 47% of guest spending occurred in the neighbourhood where they stayed
- estimated total spent by guests using Airbnb in Scotland: £293m
- the total economic activity generated by hosts and guests amounted to £499m
- a 104% inbound guest growth rate resulted in guests spending an estimated £1.4m per day in Scotland over the past year
- Edinburgh was the most popular destination in Scotland for guests in the past year, with 496,000 arrivals in the city
- 45% of Airbnb guests travelled to Scotland July-September last year
- April-June and October-December had a consistent number of visitors, amounting to 23% and 22% respectively

Findings from **SuperControl** state:

- there were 2,024 listings of STR in 2015, 2,436 in 2016 and 3,013 in 2017 and currently there are now 4,263 active listings
- 25% of SuperControl clients utilise collaborative platforms as a route to market
- the main platforms included Booking.com, Airbnb, HomeAway and TripAdvisor. Although it was noted that 75% of bookings were sourced direct from their own website
- the total number of nights booked through the system in 2017 was 93,000, with an average number of nights/host period was 5.8 nights

Again, this shows the extent of the growth in self-catering bookings/listings, however the SuperControl figures also indicate that many businesses continue to be reliant on traditional routes to market for their bookings i.e. their own website or by telephone.

Overall, this highlights the scale and growth of the largest CE platform operating in the tourism accommodation market. As well as corroborating the findings from the ASSC operator survey, as to the scale and growth of the bookings being made through these platforms.

2.8 In summary

Tourism in the UK has never been more valuable and record levels of trips and expenditure were achieved in 2016, 2017 and records are set to be broken again in 2018. **In Scotland, the latest figures for 2017 suggest the full year figures are also going to outstrip those achieved in 2016.**

The sector is a valuable provider of jobs and revenue across Scotland. The STR sector itself is an important component of the tourism sector, most notably in Edinburgh, the Highlands and in Perthshire, accounting for upwards of 20% to 40% of all overnight trips in each location. **The economic value of STR on the Scottish economy in 2017 included 15,271 FTE jobs and £293.1m of GVA.**

The way bookings have been made in the self-catering sector has changed as technology has advanced and consumer booking habits altered. A significant shift over the last ten years has been the growth of CE platforms such as Airbnb as a route to market and this looks set to continue.

The growth in tourism, the vital role of self-catering and STR and their resultant economic impact cannot be underestimated. Technological advancements, as well as traditional marketing efforts, have allowed them to

continue to grow, and their economic role is assisting Scotland's move towards the targets set in Tourism 2020.

This growth has come with a number of misconceptions, including about the impact the sector is having on the housing market and antisocial behaviour concerns as well as suggestions of tax avoidance and/or evasion. Each of these concerns is addressed in the following sections, including a review of experiences from other cities and countries.

3 Housing Market Concerns

3.1 Introduction

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.

3.2 The housing sector and self-catering effects

"Our housing system is based on an ineffective model that does not address housing need in areas where there is a chronic shortage of homes."

Andy Wightman MSP²²

Scotland's population is currently at its highest level; the population expanded by 4.6% between 2001 and 2011 and is forecast to grow by another 5.3% by 2041²³. **Household numbers are expected to increase from 2.5 million in 2019 to 2.8 million in 2039, i.e. 260,500 households, representing a 9% increase²⁴.** The housing sector will therefore continue to face challenges in meeting supply targets.

When housing demand and the level of empty housing is set against the 16,692 self-catering units²⁵, it suggests self-catering activity is not of a scale sufficient to affect housing supply issues in Scotland. Furthermore, Airbnb data reveals entire home listings account for less than 2.5% of housing stock in Edinburgh; this decreases to 0.6% of housing stock at a Scottish level.

Population growth estimates and household projections are significant and current trends are as a result of natural change: an increasing birth rate, an ageing population, and increased net-migration. It is these factors alone which are cited as being responsible for the strain on Scotland's housing market. The social and economic consequences²⁶ of this are demonstrable:

- 60,000 households in Scotland estimated to be over-crowded
- 39% of households in Scotland assessed as being in fuel poverty
- 50% of housing falling short of the Scottish Housing Quality Standard
- 37,000 empty homes, according to Scottish Government, 79,000 according to National Records
- if prices had risen in line with inflation from 1970 to 2012 the average house price would have been £78k, in reality it was £215k

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.

²² Greens.scot: Statistics show need for rethink of government policies to tackle Scotland's housing crisis, says Wightman, 2018

²³ National Records of Scotland, 2016, Population Projections

²⁴ National Records of Scotland, 2016, Household Projections

²⁵ Frontline 2017, based on Scottish Assessors Association 2016

²⁶ Housing and Well-being Commission, 2015, A blueprint for Scotland's Future

According to NRS projections, Edinburgh is expected to see its population increase by 15% between 2016 and 2041. This is a result of a 5% increase in natural growth and a 10% rise in net-migration.

The effect of net-migration is widespread in Scotland; only the Shetland and Inverclyde local authorities are expected to experience a small decrease (1%) over the period 2016 to 2041. Additionally, **net-migration is expected to increase Scotland's population by 7%** over the same timeframe. **It is these factors which are driving the 260,500 growth in households over Scotland.** This will continue to put pressure on the housing market, with prices continuing to rise year on year.

Ultimately, building too few homes remains the core cause of the country's housing crisis. As recorded in the IPPR report on Homesharing and London's Housing Market ²⁷, the prime concern and focus of politicians, policymakers and the public should be the longstanding drivers of the crisis: the undersupply of land, the complexity of the planning process, lack of investment and capacity challenges in construction.

Andy Wightman MSP, Housing spokesperson for the Scottish Greens, recognises the need for a rethink of government policies to tackle Scotland's housing crisis. **The latest Quarterly Housing Statistics for Scotland show the number of social housing completions have fallen by 16% from the same quarter in 2016, private new build starts have risen by 6%, while local authority new starts have decreased by 29%. These declines are what is impacting housing availability not STR.**

On 13th May, Andy Wightman said:

"We are far from addressing the housing crisis, especially with the total number of affordable housing supply completions down 8% on the previous year. Undoubtedly our housing system is based on an ineffective model that does not address housing need in areas where there is a chronic shortage of homes. The current drive towards private home ownership led by the volume house building industry and assisted by the Scottish Government's Help to Buy scheme only benefits the shareholders of these companies and does very little to facilitate genuinely affordable accommodation for individuals and families throughout Scotland."²⁸

The Scottish Government and local authorities' approach to meeting the expected household growth has been to allocate housing targets in Local Development Plans (LDPs) and the City-region Strategic Development Plans (SDPs). The scale of demand and housing targets confirm the need to deliver new homes in order to meet growth estimates.

²⁷ IPPR, 2017, Homesharing and London's Housing Market

²⁸ Greens.scot: Statistics show need for rethink of government policies to tackle Scotland's housing crisis, says Wightman, 2018

Governed by the National Planning Framework, which seeks to boost the supply of housing across Scotland, LDPs and SDPs contain statutory requirements for new housing and identify locations and sites on which to develop housing to meet the official population and household projections. For example, SESPlan (the SDP area for Edinburgh City-region) has a housing supply target of 63,852 new homes over the period 2018 to 2030.

Although a naturally increasing population and an increase in net-migration can be viewed as a positive economic indicator, there are inherent challenges for housing supply, particularly in terms of affordable housing.

Focusing on Edinburgh, NRS migration data shows that over a five-year period, **more people moved into Scotland's capital, from throughout the UK and overseas, than emigrated from the city.** A total of 149,933 people have moved into Edinburgh since 2011, compared with 125,753 who moved out over the same period, leading to a considerable net-migration gain. **This supply and demand imbalance has been a significant contributor to Edinburgh's average house price increase of 10% in December 2017 compared with December 2016, reaching a record high of nearly £285,000.**

Research by Savills²⁹ found that the **total value of all housing in Edinburgh increased by £7.5bn between 2016 and 2017, from £61.4bn to £68.9bn. This was more than any other UK Local Authority district on a total value growth basis.** The research also found an emerging trend, whereby demand is moving beyond the city boundaries, with an increasing number of residents moving out of the Scottish capital and into surrounding areas.

This position is clearly an issue of a lack of affordable housing stock.

The Strategic Development Plan (SES Plan) aims to ensure the City Region (including Edinburgh City and surrounding locations), is *'underpinned by its high quality built and natural environment and continues to be internationally recognised as an outstanding area in which to live, work and do business'*³⁰.

While this plan recognises that delivering housing will be vital to ensure the future prosperity of the area, 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.**

This situation is not unique to Edinburgh, cities such as Amsterdam, London and Hamburg have established clear legal frameworks that recognise the benefits of occasional use of residential property as tourism accommodation, but which also recognise the need to avoid negatively impacting local residents. This is discussed further in Section 6.

²⁹ Savills, 2018, 'Edinburgh sees highest price growth of any UK city'

³⁰ <http://www.savills.com/blog/article/240763/residential-property/edinburghs-net-migration-bonus--a-challenge-or-an-opportunity.aspx>

3.3 In summary

Scotland's population is currently at its highest level; the population expanded by 4.6% between 2001 and 2011 and is forecast to grow by another 5.3% by 2041. Household numbers are expected to increase by 9% or 260,500 households by 2039. This will present significant challenges in meeting supply targets.

Every area in Scotland, except two, are forecast to witness net-migration over the period to 2041, this is driving the need for housing and local authorities have agreed targets to meet these demand pressures.

At 79,000 empty homes³¹ set against 16,692 self-catering units in Scotland, essentially, there are almost five times as many empty homes in Scotland as there are self-catering units, suggesting more should be done around occupying vacant homes than suggesting self-catering units are adversely affecting local housing markets. Building too few homes remains the core cause of the country's housing crisis.

However, it is known that the **effects of STR can have an added effect during peak summer periods.** Airbnb proposed a policy solution for central Edinburgh to the Scottish Government's Expert Advisory Panel on the Collaborative Economy, where STR hosts are restricted to renting out their properties for three months outside peak festival times. This ensures the city can provide a home for those looking to live in it while accommodating the STR population. The IPPR report also confirms the economic importance of homesharing whilst calling for measures to monitor and regulate it during peak summer periods.

It is clear from the evidence that the difficulties being faced by the housing market are related to the population and household growth being witnessed across Scotland and not STR and the CE. Although SDPs and LDPs establish housing targets, in many cases these are not being met and this is resulting in housing short-falls and increased house values – in terms of affordable housing. **Although STR may affect areas which are already facing this situation, the scale of STR and CE properties is small in comparison to the wider issues affecting the housing market, including the level of empty homes across Scotland.**

³¹ <https://blog.nrscotland.gov.uk/2017/06/14/estimating-the-number-of-homes-in-scotland/>

4 Antisocial Behaviour Concerns

During a Scottish Parliamentary debate, Scottish Green MSP Andy Wightman voiced concerns over the increase in antisocial behaviour complaints associated with holiday lets in Edinburgh, which have allegedly involved local community safety teams and, on occasion, Police Scotland.³²

To determine if this was true, Frontline reviewed the prevalence of antisocial behaviour complaints related to STR through Freedom of Information (FOI) requests in local authorities across key tourism destination in Scotland:

- Edinburgh and the Lothians (Edinburgh City, West, East and Mid Lothian)
- Glasgow (Glasgow City)
- Fife (St Andrews)
- Loch Lomond and the Trossachs (Loch Lomond)
- Perth and Kinross (Highland Perthshire)
- Aberdeenshire (Deeside)

Evidence was also gathered from the following sources:

- an STR operator survey
- stakeholder consultations

A sample of MSPs were contacted, each of whom are aligned to the tourism destinations, to understand the level of complaints they received around STR. Their responses were inconclusive, with the majority citing an inability to share incident numbers due to data protection.

4.1 Antisocial behaviour incidence in context

In Scotland, there were 16,692 self-catering units recorded on the Scottish Assessors' Association (SAA) rates role in 2016³³ and occupancy levels remained constant at 48% between 2015 and 2016. However, occupancy levels from January-March 2016 to January-March 2017 increased by 1.9%.³⁴ Those situated in cities and large towns experienced the highest levels of occupancy in 2016.³⁵

According to the VisitScotland Key Facts on Tourism 2016 Report, hotels, motels and guest houses were the most used sources of accommodation by domestic visitors (5.2m), followed by staying with relatives (2.2m), and self-catering accommodation (1.3m).³⁶

4.1.1 Edinburgh and Lothians

Specific to the researched destinations, there were 2,045 self-catering units in Edinburgh and the Lothians.³⁷ The area experienced an 11% decline in self-catering occupancy between December 2016 and 2017, from 66% to 55%.³⁸
According to Edinburgh City Council, there were a total of 39 complaints reported between 2015 and 2018:

- 10 in 2015/16

³² Edinburgh News: Andy Wightman: Short-term holiday lets need better regulation. Available at: <https://www.edinburghnews.scotsman.com/news/opinion/andy-wightman-short-term-holiday-lets-need-better-regulation-1-4336964>

³³ Frontline 2017, based on Scottish Assessors' Association 2016

³⁴ VisitScotland Scottish Accommodation Occupancy Survey January to March Quarterly Report, p9. Available at: http://www.visitscotland.org/pdf/SAOS_Q12017_Report_September.pdf

³⁵ Scottish Accommodation Occupancy Survey Annual Report, 2016

³⁶ Insight Department: Scotland; The key facts on tourism in 2016. Available at: www.visitscotland.org/pdf/Tourism_in_Scotland_2016.pdf

³⁷ Frontline 2017, based on Scottish Assessors' Association 2016

³⁸ Scottish accommodation barometer report: December 2017/2016 report – self-catering. Available at: <http://www.visitscotland.org/pdf/VS-Scottish-Accommodation-Report-Selfcatering-Dec2017.pdf>

- 13 in 2016/17
- 16 in 2017/18

There were **3 complaints cited by East Lothian Council and 'few' complaints were received by West Lothian Council**, yet the overall number of antisocial behaviour complaints received in this local authority between 2015 and 2017 was over 9,700. Mid Lothian Council did not provide information on this. **Based on this information, over the last three years, while there has been a slight increase in STR complaints in Edinburgh City, overall the number of complaints was negligible in comparison with the number of self-catering units and bed nights available.**

4.1.2 Greater Glasgow and Clyde Valley

In Greater Glasgow and Clyde Valley, there were 394 self-catering units in 2017. The unit occupancy levels declined from 58% in 2016 to 38% in 2017.³⁹ **Glasgow City Council received 14 complaints between 2007 and 2018:**

- 3 in 2007 to 2009
- 3 in 2011
- 1 in 2013
- 6 in 2016 and 2017
- 1 to date in 2018

4.1.3 Fife and St Andrews

There were 2,356 self-catering units in the Fife area in 2016. The area saw a 41% increase in self-catering occupancy levels from 2016 to 2017; from 17% to 57%. **Fife Council received no complaints concerning STR.**

4.1.4 Loch Lomond and the Trossachs

The Loch Lomond, Trossachs, Stirling & Forth Valley area had 746 self-catering units in 2016. The area also experienced a self-catering occupancy increase of 38%, from 20% in 2016 to 57% in 2017.⁴⁰ **Loch Lomond and the Trossachs local authority did not receive any complaints associated with STR** but did receive 28 antisocial complaints between 2015 and 2018. As Loch Lomond is part of numerous local authorities, other local authorities were contacted; **several did not respond to the information request and others cited no complaints related to STR.**

Argyll and Bute local authority provided figures for the overall number of antisocial behaviour complaints received; none related to STR:

- 14 in 2015/16
- 13 in 2017
- 1 in 2018

4.1.5 Perth and Kinross

The Perthshire area had 1,568 self-catering units in 2016. Again, occupancy levels in Perthshire increased by 33%, from 13% in 2016 to 46% in 2017. **Perth and Kinross Council did not receive any complaints related to STR.**

³⁹ Figures based on previous VisitScotland area 'Greater Glasgow'

⁴⁰ Figures based on previous VisitScotland area 'Argyle, Loch Lomond and Forth Valley'

4.1.6 Aberdeen City and Shire

The number of self-catering units in Aberdeen City and Aberdeenshire in 2016 was 260. The area experienced only a 5% increase in self-catering occupancy levels. The number of units increased from 34% in 2016 to 38% in 2017.⁴¹ **The Aberdeenshire local authority council would not provide complaints information due to the cost involved.**

The evidence found that there were very few complaints in comparison with occupancy rates and numbers of available self-catering units, as such we conclude complaints related to STR are negligible. A similar conclusion was drawn from Airbnb who stated that antisocial behaviour complaints were only 0.007% across all of their properties⁴².

4.2 Feedback from operator survey and stakeholders

As part of the operator survey, participants were asked where they had experienced challenges, including those around antisocial behaviour. The vast majority of respondents (over 90% of 268) had experienced no challenges associated with their STR. Of those who did, **only five said complaints were an issue.**

Of the 83 operators based in Edinburgh, only one cited antisocial behaviour as an issue, and one other operator with properties in Inverness reported cases of this but equally had guests complaining of the noise from nearby pubs.

One Glasgow operator said:

"Over the past 3 years we have had a handful of guests that have caused a nuisance to our neighbours and in one case we had to get the police involved. In ALL of these cases the guests were locals. So, I do not believe that we are a nuisance or cause any problems with antisocial behaviour that is not already here."

Overall, operators highlighted the positive benefits of STR for the local economy:

"...Residents in the communal stair have welcomed the short-term nature of the property and appreciate it is being well maintained, looked after and there have been no issues with guests."

"I want to keep the building and communal areas in a good state of repair, attractive and safe. I also want to make sure there are no problems affecting residents from my guests."

"Visitors in our property stimulate the local economy much more than if it were residential. The local economy depends on visitors. Without tourism, remote areas would fail and the maintenance of their infrastructure untenable."

"I personally feel we are getting a very bad rap from certain political angles for no apparent reason. Times are changing, travel is changing, and guests want the alternative accommodation options that we provide."

A small sample of stakeholders considered antisocial behaviour as a challenge in the STR sector, highlighting, however, that their views were based on current press rather than personal experience. One stakeholder mentioned the need for

⁴¹ Figures based on previous VisitScotland area 'Aberdeen and Grampian'

⁴² Airbnb: Introduction to Airbnb in Scotland, p1

area specific action, for example, to avoid applying unnecessary regulation in areas that do not experience high incidence of antisocial behaviour. Another referred to residential impacts as being a challenge. **Overall the stakeholders interviewed did not view antisocial behaviour aligned to STR as an issue. The evidence gathered concludes that antisocial behaviour in relation to STR is negligible and that operators and stakeholders do not deem antisocial behaviour to be a major concern.**

4.3 Evidence from Airbnb and City of Edinburgh Council

A 2012 report by Edinburgh City Council evidenced the small scale of antisocial behaviour issues in Edinburgh. The Scottish Government consulted with agencies at both a local and national level on the issue of antisocial behaviour to explore whether current powers were sufficient to address public concern around STR. It was agreed that, although this affected some individuals, this was a 'small scale' problem. **For example, Edinburgh City Council advised that out of 11,000 noise complaints from May 2008 until April 2009, 41 complaints may have related to 'party flats' and of these, 22 were associated with just one property.** Data provided from 2011/12 suggested that out of over 2,000 holiday flats/apartments in Edinburgh, only 20 were a cause for complaint. Additionally, Lothian Borders Police received 40 calls regarding this problem in the same period and said that relative to other complaints, this number was low. It also states that there are procedures in place to effectively deal with issues when they arise. For example, **a recommendation for the formation of a STR taskforce to monitor progression in the sector, ensure enforcement and develop policies and practice.**⁴³ Additionally, the council has information on its website for those who wish to report a problem about a STR or party flat.⁴⁴

While levels of complaints are low, local authorities, ASSC and CE providers have the procedures in place and the willingness to manage and resolve issues as they arise.

⁴³ The City of Edinburgh Council: Short-term Private Lets review findings, p9

⁴⁴ www.edinburgh.gov.uk/info/20058/private_housing/1210/report_a_problem_with_a_short_term_let_or_party_flat/1

4.4 In summary

The frequency of antisocial behaviour complaints in each key destination local authority is negligible compared to the number of available properties and occupancy levels. Therefore, the evidence concludes that antisocial behaviour is not a problem which is exacerbated by the presence of STR. This is corroborated by Airbnb in their global statistics.

The discussion with stakeholders highlighted no obvious concerns surrounding antisocial behaviour. The operator survey responses showed that a large majority saw no challenges with their STR, **with only two operators from 268 citing antisocial behaviour as a problem.**

It is important to highlight that responsible operators, associations and platforms adhere to a range of codes of conduct.

The ASSC has established a Code of Conduct which operators and agents must follow. This includes rules surrounding maintaining residential amenity, some of which include:

- transparency regarding rubbish and recycling
- ensuring guest limits are not exceeded
- provision of authority contact details should they wish to make a complaint
- encouraging the consideration of other residents when arriving to the property late and refraining from noise⁴⁵

To counter any escalation of inappropriate behaviour, Airbnb proposed a “three strikes” policy in 2016 barring the use of their platform if hosts are cited by law enforcement for violating home sharing rules or other restrictions that are intended to preserve neighbours’ quality of life. Under this policy, hosts who repeatedly receive complaints from local authorities will be either suspended or banned from using Airbnb. **Airbnb and other platforms also offer advice and best practice of responsible hosting⁴⁶, which act as a Code of Conduct for hosts.**

⁴⁵ ASSC Code of Conduct for short-term rental operators and/or their agents: <https://www.assc.co.uk/about-us/code-of-conduct/>

⁴⁶ <https://www.airbnb.co.uk/help/article/1379/responsible-hosting-in-the-united-kingdom>

5 Claims of Tax Avoidance and Evasion

5.1 Introduction

There have been claims that the growth in self-catering and STR is resulting in more cases of tax avoidance and/or evasion; where avoidance is the legal exploitation of the tax system and evasion is the non-payment or underpayment of tax.

According to Andy Wightman MSP's briefing paper on taxation:

"A total of around £10.6m in local property taxes are being avoided because of the Small Business Bonus Scheme and a failure to declare properties being run as a commercial business."⁴⁷

This is related to the view that there is a lack of knowledge around tax rules, or an undercurrent of inappropriate financial recording, resulting in unlawful tax practices amongst operators. This section presents the current tax procedures and reviews the current status of tax investigations relevant to the STR sector.

5.2 Understanding the rules

Tax is a complex topic and an area which is regularly under view, and subject to change at both the UK and Scottish Government levels.

As with all sectors of the UK economy, money earned from self-catering is defined as income, and will therefore be subject to tax. Depending on the amount earned from STR, it may need to be declared to HM Revenue and Customs (HMRC). The current tax thresholds are shown in Table 5.1.

Table 5.1: Tax Thresholds 2018/19 (Scotland)

Tax rates and thresholds	2018/2019
Personal allowance	£11,850 pa
Starter rate	19% of earnings to £2,000
Basic rate	20% on annual earnings from £2001 - £12,150
Intermediate rate	21% on annual earnings from £12,151 - £31,580
Higher rate	41% on annual earnings from £31,580 - £150,000
Top rate	46% on annual earnings above £150,000

As a company, businesses are required to pay 19% corporation tax on all profits. There are no tax-free allowances, however there are a series of allowances and reliefs for businesses such as, capital allowances (related to equipment, machinery and vehicles that are used for business purposes), and reliefs related to research and development.

There are several possible tax reliefs and allowances specific to STR. This includes the 'Rent-a-Room' relief⁴⁸ which was established in 2015, allowing hosts to earn up to £7,500 tax-free from sharing space in their only or main home (the threshold is halved if you share the income with your partner or someone else). This measure came into force in April 2016.

It is worth noting that Airbnb data has shown that the average annual income for hosts in 2017 was £3,600, which is under both the 'Rent a Room' relief figure as well as the personal tax-free allowance figure. There will of course be individuals/businesses that have income above these

⁴⁷ Ciaran McDonald and Andy Wightman MSP: Short Term Lets – Taxation, August 2017

⁴⁸ <https://www.gov.uk/rent-room-in-your-home/the-rent-a-room-scheme>

thresholds, and these individual/businesses will therefore be eligible to pay tax at the required rate.

In terms of property taxes, in Scotland properties are liable for Council Tax, according to the agreed valuation of each property across Scotland's 32 local authorities. Business properties are required to pay Non-Domestic Rates (NDR). *Available for let* for under 140 days means the property is in the Council Tax system; *available for let* for over 140 days places the property in business rates. **A property let for under 140 days can be deemed as a domestic property and be valued for Council Tax purposes.**

- Local Authorities retain all Council Tax income
- larger Local Authorities e.g. Edinburgh City Council (ECC) get more income from NDR, but don't retain it
- NDR is spread round other Local Authorities that get less income from NDR e.g. Argyll and Bute
- Scottish Government (SG) has access to all Rateable Values in Scotland and knows which properties get SBBS relief. They also know what NDR income each council receives. Taking this into account, SG calculates the grant that each council will be awarded

Andy Wightman MSP suggests that all STRs are not on the NDR role⁴⁹. However, it is important to consider that if they all were, then they may be eligible for the Small Business Bonus Scheme (SBBS), resulting in the council losing out on Council Tax income.

However, it is recognised that if Council Tax income has dropped and properties receiving SBBS relief has increased, the grant achieved by a local authority would be adjusted accordingly because of the net loss in income from Council Tax.

It is clear that individual councils are not disadvantaged by having fewer Large Business Supplement (LBS) properties relative to SBBS properties. Councils receive guaranteed levels of funding (based on need) under the local government finance settlement and retain the NDR income in their areas as part of this.

It is worth noting that Airbnb data shows that the average number of days a host lets their property in Scotland is 40 nights, well below the threshold for paying NDR.

In Scotland, 2017 saw a rates revaluation and the draft proposals placed a significant burden on the self-catering industry, with an average across Scotland increase of 65%, but some ASSC members reporting up to 269% increases.

The Barclay Review Group was established to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long-term investment and reflect changing marketplaces. Recommendations to Government have been delivered, and an on-going review of the SBBS is underway.

The Barclay Review Group provided 30 individual recommendations, with some requiring primary legislation by the Scottish Parliament, on how the business rates system could be reformed in Scotland⁵⁰. Recommendation 22 was to counter a known avoidance tactic for second homes; owners or occupiers of self-catering properties must prove an intention let for 140 days in the year and evidence of actual letting for 70 days. The ASSC welcomes this recommendation.⁵¹

In relation to the possibility of using this sector for tax avoidance or evasion purposes, there is no evidence of tax avoidance in the sector.

⁴⁹ Ciaran McDonald and Andy Wightman MSP: Short Term Lets – Taxation, August 2017

⁵⁰ Scottish Government, Report of the Barclay Review of Non-Domestic Rates (2017)

⁵¹ Ibid

It should be noted that HMRC takes very few tax avoidance cases to court – only 26 from throughout the UK as a whole during 2016/17⁵². It would therefore be reasonable to assume that the likelihood of a STR case being escalated to this is very low.

5.3 In summary

The rules and rates of taxation are well defined and clearly presented by national and local governments, for both individuals and businesses as well as domestic and non-domestic properties. These have been refined for the self-catering sector to help the industry and to support tourism targets.

- Airbnb data has shown that the average annual income for hosts in 2017 was £3,600, which is under both the 'Rent a Room' relief figure as well as the personal tax-free allowance figure
- Airbnb data highlights that the average number of days a host lets their property in Scotland is 40 nights, well below the threshold for paying NDR
- individual councils are not disadvantaged by having fewer Large Business Supplement (LBS) properties relative to SBBS properties. Councils receive guaranteed levels of funding (based on need) under the local government finance settlement and retain the NDR income in their areas as part of this

From the operator survey we know that all respondents pay some form of tax and the majority pay business rates (81%), and the remainder paying Council Tax or both. It is reasonable to assume that there is a very low possibility of tax avoidance and/or evasion being an issue for the traditional STR sector.

⁵² Tax avoidance litigation decisions - 2016 to 2017, August 17, <https://www.gov.uk/government/publications/tax-avoidance-litigation-decisions/tax-avoidance-litigation-decisions-2016-to-2017>

6 What are Others Doing to Support CE Development and Minimise Impact

6.1 Introduction

In order to understand issues from elsewhere, this section summarises what other areas across Europe are doing to support its development and minimise any potential negative impact of the CE. This draws on third party research and is split according to findings from other cities and countries.

6.2 City level

The emergence of CE platforms and short-term/holiday lets have occurred across Europe and elsewhere. Some specifics about each city are described below.

6.2.1 Barcelona

In Barcelona, Airbnb was fined €30,000 for violating tourism laws.⁵³ Additionally, the city has deployed 'illegal apartment squads', in a bid to combat unlicensed apartments. This resulted in a fine of €600,000 against Airbnb for advertising unlicensed flats.⁵⁴ Since then Airbnb introduced a limit in the city's most built-up area, Ciutat Vella; this ensures that only professional operators who share their business details on the platforms can list more than one whole property listing.⁵⁵

A report published by Francisco Serrano Del Ray which explores the **effect of STR on long-term rental prices in Barcelona found that there were other factors responsible for high rental prices.** Francisco refers to a Catalonian Holiday Rentals Association study and Spanish Federal Association of Holiday Rentals report which claims Barcelona saw a 9.14% rise in average price per square metre for rent in 2015, and a further 10.12% increase in 2016.⁵⁶

It suggests that the increase in rental prices is in fact due to a rise in the number of residents with higher education levels; the decrease in unemployment; and the increase in income within specific sectors. The report also stated that Barcelona has increased its housing market from 105,152 in 2015 to 106,885 in 2016. This coincided with a decrease in holiday rental supply from 2015 to 2016, resulting in a 1076 increase in homes returning to the long-term market.⁵⁷

The report highlighted that STRs only accounted for 1.64% (13,555) of housing stock, and that there has not been a decline in the number of long term rentals on the market as a result of STRs since 2015. It also referred to the fact housing rental price increases are widespread across Barcelona, including areas where holiday rentals are not present. **In conclusion holiday rentals cannot be proven to be responsible for this general rental price increase in Barcelona.**

Further evidence that STRs are not having the suggested negative effect reported is presented in the Nutsch and Associates study, *Impact of the Short-term Rental Industry in Europe*. It found that only 3% of registered complaints surrounding antisocial behaviour in Barcelona was attributed to STR, and that the **rental market is driven by consumer movement towards renting rather than**

⁵³ Airbnb's legal troubles. Available at: <https://www.theguardian.com/travel/2014/jul/08/Airbnb-legal-troubles-what-are-the-issues>

⁵⁴ Barcelona cracks down on Airbnb rentals with illegal apartment squads. Available at:

<https://www.theguardian.com/technology/2017/jun/02/Airbnb-faces-crackdown-on-illegal-apartment-rentals-in-barcelona>

⁵⁵ Airbnb Position Paper: The Collaborative Economy and Tourism in Scotland, p9

⁵⁶ Do short-term holiday rentals affect long-term rental prices? Available at: <https://www.spain-holiday.com/rentalbuzz/do-short-term-holiday-rentals-affect-long-term-rental-prices>

⁵⁷ Ibid

owning property, along with a shortage of affordable and new development housing.⁵⁸

Evidence is also scarce to confirm that STRs are having an impact on the hotel industry in the city; occupancy rates, revenue per available room and average prices have increased since the recession in 2008.⁵⁹ **Most importantly, the short-term vacation industry has generated almost €2.5bn for the Barcelona economy which reflects a similar increase of over €3.5bn for the Parisian economy.**

6.2.2 Paris

The Nutsch study also gives evidence on STR in Paris, where growth is said to be the result of an increase in one-person households, a shortage in social housing levels at 4%, despite French law requiring more than 20%, and in Greater Paris, only 50% of the volume of housing required to meet demand is being built. Similar to Barcelona, **the reduction in housing stock is said to be a product of multi-home and second home ownership not STR.**

6.2.3 Berlin

In Berlin, there has been further action taken to lessen the growth and effects of STR. **City authorities had placed a ban on the rental of whole properties in the German capital for those who do not hold a permit.**⁶⁰ The operators risked a fine of up to €100,000 and this was enforced as a way of protecting the already insufficient levels of housing stock in the city.⁶¹ Others who rent properties on a smaller scale believe those who take advantage of the system should be stopped. The city authorities of Berlin seem to view Airbnb as partly responsible for increasing rents. **However, from May 1 2018, owner-occupiers will, under certain conditions, be allowed once more to rent out their own homes as much as they want, and to rent out second homes for up to 90 days a year.** For a city that's become well-known for its extremely tough laws governing vacation rentals, the new ruling seems like a major compromise⁶².

6.2.4 Madrid

Madrid is among other cities taking action to reduce the effects of STR. **It originally set a maximum stay of five nights in private homes and apartments. This directive was, however, later overturned in the courts.**⁶³

6.2.5 Amsterdam

Evidence suggests that Amsterdam is more receptive to the idea of STR. In 2014, the city passed a law which allows peer-to-peer rental of residential property and has given STR a category of their own; private rental. This demonstrates the city's positive attitude towards CE platforms.⁶⁴ As articulated in Airbnb's submission to the expert panel report, the city has a 60 night per annum limit on the letting of entire homes, after which a short stay licence or a B&B permit is required⁶⁵. **In**

⁵⁸ Nutsch and Associates study: Impact of the short-term rental industry in Europe

⁵⁹ Ibid, p16

⁶⁰ Berlin bans thousands of Airbnb properties. Available at: <https://www.telegraph.co.uk/travel/destinations/europe/germany/berlin/articles/airbnb-listings-plummet-in-berlin-as-ban-comes-into-force/>

⁶¹ When Airbnb rentals turn into nuisance neighbours. Available at: <https://www.theguardian.com/technology/2016/sep/17/airbnb-nuisance-neighbours-tribunal-ruling>

⁶² Berlin Just Cancelled its Airbnb ban, 2018, <https://www.citylab.com/life/2018/03/berlin-airbnb-vacation-rental-regulation-law/556397/>

⁶³ Ibid

⁶⁴ <https://www.cnet.com/news/amsterdam-officially-approves-new-Airbnb-friendly-laws/>

⁶⁵ Airbnb Position Paper: The Collaborative Economy and Tourism in Scotland, p9

January of 2018, the city council further reduced this limit of 60 days to 30 per year.⁶⁶

6.2.6 Reykjavik

The Icelandic capital has enforced a limit of 90 rental days before having to pay business rates.⁶⁷

6.2.7 Hamburg

Those operating rentals in the city of Hamburg will require 'change of use' permission if 50% of the home/apartment is rented out for the whole year, or if the whole property is rented out for half the year.

6.2.8 London

London also has a 'change of use' policy, for properties rented out for more than 90 consecutive days. **However, a report by the IPPR concluded that STRs are having a negligible effect in London, therefore dispelling the idea that the impact of STR is significant in the capital.**⁶⁸ Airbnb has developed a 'Responsible Neighbour Guide' in the city which hosts can populate and give to guests, so that there is an understanding of expected behaviour.⁶⁹

Additionally, Amsterdam, Hamburg, and London have frameworks which acknowledge the use of domestic property for accommodation.⁷⁰ In Amsterdam and London, Airbnb introduced an automated system which limits hosts with entire properties to the number of nights permitted, according to underlying legislation.

There are also routes provided to notify the platform when there are exceptions to the rule; for example, when hosts rent a self-contained space that forms part of their home.⁷¹ Airbnb is clearly working to support the sector and those who may experience unwanted external effects in highly in-demand areas.

6.3 Country level

Some specifics about each country are described below.

6.3.1 Italy

Italy plans to introduce a 'sharing economy act', which gives a definitive description of the sharing economy and sharing platforms. This will require platforms to sign up to a registry and share documents with the competition authority for clearance. Additionally, fairer tax systems will be introduced where those earning less than €3,000 will be exempt from tax, those earning less than €10,000 will pay 10%, and any earnings above this will be based on the hosts marginal tax rate.⁷²

⁶⁶ DutchNews.NI. Available at: <https://www.dutchnews.nl/news/2018/01/amsterdam-slashes-airbnb-rental-period-from-60-to-30-days/>

⁶⁷ Ibid

⁶⁸ IPPR: Available at: <https://www.ippr.org/files/publications/pdf/homesharing-and-london-housing-market-dec16.pdf>

⁶⁹ Airbnb: Introduction to Airbnb in Scotland, p2

⁷⁰ Ibid

⁷¹ Ibid

⁷² PwC: Assessing the size and presence of the collaborative economy in Europe April 2016, p14

6.3.2 Poland

The Ministry of Development in Poland opposes any regulation which jeopardises the development of the CE.⁷³ Furthermore, a journal article which explored the legal position of Airbnb services from a Polish viewpoint concluded that Airbnb and other collaborative platforms are not, as yet, thought to be in real competition with, or a threat to traditional tourism offerings⁷⁴.

6.3.3 The Netherlands

The government in The Netherlands is actively prioritising support for growth in the CE. According to Airbnb, the total economic activity generated by guest spending and host income in the country reached €795m in 2016, while 38% of the average Airbnb guest's expenditure went towards local businesses in the neighbourhood in which they stayed⁷⁵.

6.3.4 Denmark

The Danish government announced the introduction of 'new and innovative' rules for home sharing in May 2018⁷⁶. **The rules will allow the Danish population to freely share their homes with guests and make income tax simpler to navigate.** The government aims to increase the threshold for tax-free earnings for primary homes to 28,000 DKK and for holiday homes to 40,000 DKK for those hosting through platforms that collaborate with the government to encourage accurate payment of tax. Those who do not host with these CE platforms will have only 11,000 DKK threshold. It proposes new powers for local authorities to decide on the number of nights hosts can share their entire property. Again, those hosting through platforms collaborating with the government can share their home for at least 70 nights a year, whereas those who do not can only share their homes for 30 nights a year. The data sharing between the government and CE platforms will be subject to stringent European and national rules and will only be used to support accurate payment of tax

6.3.5 Ireland

Ireland appears to be in a similar situation to Scotland in that, despite anxiety around the issue, no concrete evidence is available to prove STRs are having an impact on housing prices and stock. Like Scotland and the rest of the UK, Ireland suffers from a housing supply issue and there is concern that STR will further aggravate the problem. A report by Houses of Oireachtas Joint Committee, which acknowledges the potential issue of STR in Ireland, produced a set of recommendations to deal with the issue. These include:

- regulations for entire properties and those renting for more than 90 days per year
- a licensing system where platforms would be required to register hosts and share information with the local authority
- exemption of change-of-use planning permission for lets of less than 90 days
- requirements for landlords to provide a reason for ending a tenancy
- a review of current planning laws

⁷³ Ibid, p15

⁷⁴ Novelty Journals, International Journal of Novel Research in Humanity and Social Sciences: The Legal Status of the Airbnb Services from the Polish Perspective, p68

⁷⁵ The Airbnb Community: The Netherlands Available at: <https://www.airbnbcitizen.com/wp-content/uploads/sites/50/2017/02/The-Airbnb-Community-The-Netherlands.pdf>

⁷⁶ Airbnb citizen: Denmark Embraces Home sharing, 2018. Available at: <https://www.airbnbcitizen.com/denmark-embraces-home-sharing/>

- that the memorandum of understanding between Airbnb and the department be ceased and redrawn to allow for a fit-for-purpose version⁷⁷

Many of the proposed actions mirror those of other European cities, for example, the need for planning permission for lets lasting more than 90 days. Despite the cited requirement for new rules surrounding regulation and other issues, the growth in STR has allowed for positive social and economic benefits in Ireland.

According to the Airbnb Ireland Insight Report, a total of €506m was generated as a result of the sharing economy, and €115m of income was earned by hosts.⁷⁸ Hosts earned an annual average of €3,500, with listings being booked for 37 nights of the year.⁷⁹

6.4 In summary

Some European cities view STR as problematic and have prescribed various actions to control growth; for example, Barcelona's fining of Airbnb for disobeying tourism laws, and Berlin's ban on the rental of entire properties without a permit.

However, **two reports, one based on Barcelona alone and the other on both Barcelona and Paris, suggest that STRs are not responsible for the shortage of housing stock, increase in rental prices and increases in antisocial behaviour.** This is rather due to governments' failure to build adequate numbers of housing, an increase in employment levels and those with higher education and increasing income levels.

The effect of the growth in STR has not been shown to impact hotel growth in Barcelona, as occupancy rates and average prices have increased since the economic downturn. **The evidence suggests that the economic benefits provided by the STR and CE sectors are significant.**

From a country-wide perspective, there are systems in place to support the growth in the STR sector. Examples include Italy's and Denmark's plans to introduce a fairer tax system and proposed collaboration with Airbnb and CE platforms on information sharing, and Poland's opposition to any regulation which aims to prevent the growth of such lets. Support was expressed for CEs by authorities in the Netherlands and a report by Airbnb also outlines the economic additionality provided. This demonstrates that countries are aware of the benefits afforded by STR.

Although Ireland's government has expressed concern about the potential negative effects of STR, it acknowledges that there is a need for further evidence to discover whether the effects are indeed negative and/or large in magnitude. What is evident, based on the Airbnb Ireland report, is that the sector makes a substantial contribution to the economy, including in lesser known areas of the country.

Overall, it is clear that countries and cities are working with the STR sector and CE platforms to keep up with the ever-growing level of tourism across the globe. As more and more people travel and as technology continually advances, policy-makers, STR operators and CE platforms must continue to work together, share knowledge and adapt when any significant detrimental effects on the social, economic or environmental fabric of an area. Information exchange across all parties is crucial and this study confirms this is occurring and will

⁷⁷ Houses of Oireachtas, Joint Committee on Housing, Planning & Local Government: The Impact of Short-term Rental on Ireland's Housing and Rental Market, 2017. P14

⁷⁸ Ireland Insights Report: A look at regional home share trends across Ireland, p3

⁷⁹ Ibid, p4

continue to occur to ensure the sustainable growth of the tourism economy in Scotland.

7 Conclusions

This report provides an evidence base to dispel the negative myths surrounding STR and demonstrates how the STR sector is benefitting Scotland.

7.1 The tourism sector and the collaborative economy

Tourism is a key sector in Scotland, it continues to provide **increasing numbers of jobs, business turnover and resultant GVA**. The latest indications from VisitBritain and VisitScotland suggest 2017 may have been a record year in terms of both the volume and value of tourism, both amongst domestic travellers and international visitors.

The self-catering or STR sector is an important component of the tourism sector, particularly in Edinburgh, the Highlands and in Perthshire.

As technology advances and consumer booking habits change, there has been a significant shift in the growth of CE platforms as a route to market for self-catering businesses.

Airbnb has emerged as the major CE platform in Scotland. **The evidence provided by them confirms that CE platforms will continue to grow and supported by traditional marketing efforts will assist Scotland to achieve the targets set out in Tourism 2020.**

7.2 The housing market and short-term rentals

The difficulties faced by the housing market are related to the population and household growth being witnessed across Scotland. **Although SDPs and LDPs establish housing targets, in many cases these are not being met and this is resulting in housing short-falls and heightened house values** – notably in terms of affordable housing. Scotland's population is forecast to continue to grow and there is no doubting the pressure being faced by the housing market.

It is building too few homes and not the impact of the STR market that is the cause of the country's housing crisis. The prime concern and focus of politicians, policymakers and the public should be the longstanding drivers of that crisis: the undersupply of land, the complexity of the planning process, lack of investment and capacity challenges in construction.

Overall there are 79,000 empty homes in Scotland compared to 16,692 STR. **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.**

7.3 Antisocial behaviour concerns

Evidence from local authorities, stakeholders and operators demonstrates that the frequency of **antisocial behaviour complaints across Scotland is minimal** and is not a concern.

Further evidence from Airbnb suggests **complaints are also very rare**, and the high level of neighbourhood spending demonstrates that local economies and infrastructure are benefiting considerably from STR.

There is a willingness amongst STR operators and CE platforms to put procedures in place to manage and resolve concerns including the ASSC's Code of Conduct which operators and agents must follow. Airbnb has also developed rules and Codes of Conduct to ensure behaviour is appropriately monitored and action is

taken to minimise any issues. Although not all operators do this, this should be actively encouraged.

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

7.4 Tax avoidance and evasion claims

The rules and rates are well defined and clearly presented by national and local governments, for both individuals and businesses as well as domestic and non-domestic properties. These have been refined for the self-catering sector to help the industry and to support tourism targets.

Individual councils are not disadvantaged by having fewer Large Business Supplement (LBS) properties relative to SBBS properties. Councils receive guaranteed levels of funding (based on need) under the local government finance settlement and retain the NDR income on their areas as part of this.

It is difficult to prove any avoidance and/or evasion as there are no publicly available figures on tax avoidance. However, from the operator survey it can be concluded **that all traditional STR respondents are paying some form of tax** and the majority are paying business rates and the remainder paying Council Tax or both.

For those who use platforms such as Airbnb, evidence suggests that for the majority, tax will be paid under existing personal allowances or through agreed Government schemes, given that the average earning is £3,600 with rental periods of less than 40 nights.

7.5 Lessons from other countries and cities

It is clear that some European cities view STR as problematic as there are many examples of actions taken by authorities to control growth. However, evidence shows that **STR is not responsible for the shortage of housing stock, increase in rental prices and increases in antisocial behaviour.** This is rather due to government failure to build adequate numbers of housing, an increase in employment and those with higher education, and increasing income levels.

Additionally, the effect of the growth in STR has not impacted hotel growth in Barcelona for example, as occupancy rates and average prices have increased since the economic downturn; and the economic benefits provided by the sector are significant.

From a country-wide perspective across Europe there are **systems in place to support the growth in the CE and the STR sector;** the Netherlands and Denmark, for example, are prioritising support for the sector. And while Ireland's Government has expressed concern about the potential negative effects, it acknowledges that there is need for further evidence to establish whether the effects are indeed negative and of the order of magnitude that outweighs the significant economic benefits.

Appendix 1

Operator Survey Respondents and Stakeholders

Operator Survey Respondents

2 Cawdor Terrace
27 Garenin
3 Oban Times Buildings
3 Tarrel Farm Cottages
45 Westgate
Abbotsford Hope Scott Wing
Achmony Holidays
Ae Barn
Aikwood Tower
Airhouses
Alltshellach Cottages
An Tigh Earna
Appletree Cottage
Arbigland Farms
Ardgour Estate
Ardmaddy Castle Holiday Cottages
Ardmiddle Mains Cottages
Ardoch House Cottages
Ardormie Farm Cottage
Ardverikie Estate Ltd
Arniston Estate Partnership
Auchmore Apartments
Auchnasdraw Mill
Aulddairy Holiday Cottage
B & H Barker
Baincraig Lodge
Balblair Self Catering Cottages
Balkello Accommodation
Balneden Steading
Banffshire Holiday Cottages
Blackford Cottages
Blairmore Farm & Estates Ltd
Bluefolds Highland Holiday Cottages
Border Escapes
Borlum Farm
Broadmeadows House
Brooklinn Mill Holidays
Broombank Cottage
Brown's Close Apartment
Burnbrae Holidays
Burnside, Lochdon, Isle of Mull
Calath Lettings
Candlemaker Row
Carole McRae
Cawdor Estate
Ceithir Raithean
City Apartments Edinburgh
Clan Cottages
Cloag Farm Cottages
Clover Holidays
Colin Campbell Property
Coopers Knowe House
Craobh Haven Cottages
Crovie Cottage
Cruise Loch Lomond
Dalriada Properties Limited
Dalvourn Holidays
Damside Self-Catering
Deveron Valley Cottages
Dickins Edinburgh Ltd
Dimpleknowe Holiday Cottages
Drumboy Lodge
Drumnadrochit Lodges
Dubh Loch Cottage
Dublin St Lane South
Dunalastair Estate Cottages
Dunglass Estate
Dunkeld Holidays
Dunvegan-Inverness
Easter Dunfallandy
Eastside Cottages
Eden Burgh Serviced Accommodation Ltd
Edinburgh City Apartments
Edinburgh SC (Self Catering) Ltd
Edinburgh Self-Catering
Edinburgh VRBO
Edinburghnights
Escape to Galloway
Evergreen Property Ltd
Far Horizons Holiday Cottages
Ferryboat Cottage
Fingal & Heriot Cottage
Firm of Hillctrest
First Apartments Ltd
Flox Cottage, Nethy
Fortis Property Lettings LTD
Fuchsia Cottage
Fuchsia Cottage Fortrose Harbour
G and J Brown Farms
Gael Holiday Homes
Galloway Hideaways
Glasgow Green Apartments
Glen Tanar Estate
Glendrynoch Cottages

Glenprosen Cottages
 Green Pastures Cottage
 Greyfriars Bobby Apartment
 Gruinyards
 Guy's Cottage
 Gypsy Palace
 HandyHouses
 Happy Short Stays
 Haus Saron
 Hayloft Edinburgh
 Hayloftedinburgh
 Hebridean Luxury Hols
 Hiddenglen Holidays
 High Kirkland Cottage Holidays
 Highland Heather Lodges
 Highlands Ardrhu Holiday Cottages
 Holiday Home Glasgow
 Home Farm Lodges Ltd/Ness Castle Lodges Ltd
 Home from Home Aberdeen
 Hopetoun St Apt - Murphy's Pl
 Inver Rose self catering
 inverness apartments & cottages
 Islands & Highlands Cottages
 J & M Turner
 Janet Lumb and Angela Whiles
 John Bray Cornish Holidays
 Joyce Laird
 Justfortwo
 Kilbryde Castle Estate
 Kilbryde Events
 Kingsburgh Boathouse, Skye
 Kinlochlaich Garden Self Catering
 Kirkennan Estate Holiday Cottages
 Ladeside
 Ladyhill House
 Laidlaw Lettings
 Lann Dearg Studios
 Lawson Lets
 Lazyday Cottages
 Leisburn Cottages
 Lerigoligan
 Linnhe Croft Holiday Cottages
 Loaninghead holidays
 Loch Leven Chalets
 Loch Lomond Waterfront Luxury Lodges
 Loch Monzievaird Chalets
 Loch Seil Cottages
 Lochside Follies
 Lodges at the Mains
 Lotus Lodge
 Mains of Taymouth
 Mall House self catering Accommodation
 Mansefield House
 Mansley Serviced Apartments
 Marchmont Self Catering
 Mary's Thatched Cottages
 McKenzie Cottage
 MK & GM Brown
 Monument Cottage
 Monzie Estate
 Moray Cottages
 Morenish Mews
 Mrs L G Luescher
 Newhill Farm Lodgings
 Newington Urban Living
 Noddsdale Estate
 Northern Lights Apartments
 NSC Partnership
 Oban Seil Croft Cottages
 Old Mission Hall (self-catering cottage)
 Old School Apartments
 OMP One Marine Place
 Ord Family Trust
 Orkneycrofts.com
 Orroland Holiday Cottages
 Paisley Apartments
 Parkcottageskye
 Parkview Apartment/ Garden Cottage
 Perthshire views
 PillowStops
 Pilrig House Apartments
 Pine Chalets
 Pinesmoke Self Catering Cottage
 Pitnacree Cottage
 Plum Braes Barn Holidays
 Press Mains Farm Cottages
 Pure Serviced Apartments
 Ralph Averbuch
 Rarity Breaks and Rarity Rentals
 Reserve Travel Ltd (Reserve Apartments)
 River Edge Lodges
 Riverside Log Cabins
 Rosebank
 Rosehip Properties
 Rymore Wood Lodge
 Sandcastle Holidays (Scotland) Ltd

Sandford Country Cottages
Sandwood Lodge
Scottish Holidays in the Hills
Seabank selfcatering
Sealladh na Mara
Seascape, Pittenweem
Seascience
Self Catering Edinburgh
Silver Lining Apartments
Sky Blue Cottage
Skyehaven
Snowberry Cottages
Solway View Holidays
Sound of Harris
SouthSide Property Management
Steading 5 Newtonmore
Stinchar Cottages
Strathlyon Cottage
Strathspey Holiday Cottage
Taigh An Clachair
Teeny's Cottage
The Bonnie Thistle
The Cottage Bogroy
The Croft House
The Edinburgh Address
The Gardeners Cottages
The Loft @ The Granary
The Old Schoolroom
The Old Stables, Corrimony
The Restalrig Apartment
The Stonehouses
The Turret
The Whitehouse, Moulin
Tigh-na-Mara
Toll Bridge Lodge
Tower Farm Holidays
Treshnish & Haunn Cottages
Tullochwood Lodges
Unapool House Cottages
Upper Croitachonie
Vanora's Cottages
Varis Holiday House
Waterloo Lodge
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West Coast Cottages
Williamstone Farm Steadings
Yorkhill Apartment and Hamilton Lettings
Your Partner in Property

Stakeholders

Marie Lorimer - Airbnb

Jan Metelski - Travel Nest

Riddell Graham - VisitScotland

Marc Crothall - Scottish Tourism Alliance

Willie Macleod - British Hospitality Association

Susan Love and Barry McCulloch - Federation of Small Businesses

Robert Kennedy - SuperControl

Stuart Black and Colin Simpson - Highland Council

Shaheena Davis - Empty Homes Partnership

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Steven Dott and Anna Miller - Highlands and Islands Enterprise Tourism

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Scottish Local Authorities Economic Analysis

A Report to:



May 2022





Summary

Airbnb boosts local economies and supports Scottish tourism, but expensive and onerous licensing systems risk constraining tourism recovery across local authorities.

- By 2019:
 - **£676 million** Gross Value Added (GVA) and **33,500 jobs** were supported by Airbnb across Scotland
 - one-quarter of this economic impact was in the hospitality sector
- The pandemic has had a severe impact on tourism – confidence is returning but it remains **below pre-pandemic levels**
 - inbound tourism to the UK isn't expected to **recover until 2026**, with Scotland now more reliant on **increasing its competitiveness as a domestic tourism destination**
 - **Airbnb contributes to the Scottish tourism sector by** providing flexibility in visitor accommodation supply to facilitate peaks in demand and large events like Edinburgh Festival
- The combined economic shocks of the **pandemic, rising energy costs and the Russian invasion of Ukraine** have led to a sharp increase in the cost of living which is forecast to continue into 2023/24
- Stringent licensing schemes could further reduce Airbnb's economic impact by between **£32 million** and **£133 million** which would **cost between 1,740 and 7,190 jobs across Scotland**
- The outcome will be influenced by the cost and process of obtaining licenses in each local authority and how they affect guest and host decisions
- This combination of factors could be especially detrimental to **non-professional** hosts for whom Airbnb income supplements their living costs



Economic Impact of Covid-19 on Tourism





Economic Impact of Covid-19

Tourism has been severely affected by the pandemic, recovery is underway but uncertainties remain and new challenges are emerging

The economy is **closing the GDP gap** with pre-covid activity levels¹:

- Economic recovery is forecast to continue in 2022/ early 2023
- Household spending has room to grow, but is challenged by **rising inflation**
- **Lifestyles** are changing
- **Spending patterns** have been radically altered by the pandemic
- **Recovery in tourism is expected to take longer:**
 - World inbound tourism is forecast to return to pre-pandemic levels by 2026² (forecast made before the war in Ukraine)
- Recovery in tourism is a **global challenge**, not just confined to Scotland
- Tourism is expected to be the **last sector to recover** from the pandemic

1. Natwest Group (Philip Bartlett, Economist), *The Economic Outlook – What Could it Mean for Tourism?* (November 2021)

2. Euromonitor International (Caroline Bremner, Head of Travel Research), *Future Tourism and Travel Horizons* (November 2021)



Cost of Living Outlook

Inflation is rising and putting pressure on household spending

The combined economic shocks of the **pandemic, rising energy costs and the Russian invasion of Ukraine** have led to a sharp increase in the cost of living which is forecast to continue into 2023/24³:

- the cost of living in the UK has been rising since early 2021
- in February 2022, inflation reached its highest level in 30 years
- rising prices for food, energy and fuel, combined with rising interest rates will erode household income in real terms

Forecasters expect inflation to be high in 2022 and to remain high for some time:

- the Office for Budget Responsibility's forecast for March 2022⁴ reports that:
 - **inflation will average 8% in 2022/23** (more than double its previous forecast), the highest level in around 40 years
 - household **post-tax incomes will start to fall in real terms** in 2022 and will not be at pre-pandemic level until 2024-25

Consumers are expected to cut back on discretionary spending which has the potential to limit economic recovery in 2022⁵

3. House of Commons Library, 29 March 2022, *Rising Cost of Living in the UK*

4. Office for Budget Responsibility, 23 March 2022, *Economic and Fiscal Outlook*

5. Fraser of Allander Institute, 2022, Q1, *Economic Commentary*



Tourism Behaviour post Covid-19

“Tourism will suffer a long Covid” in the UK and the overseas visitor market will recover last⁶

Research⁷ for the Scottish Tourism Alliance Conference in 2021 reported that:

- By late 2021, UK **public confidence** with most leisure activities was significantly higher than the year before, but:
 - it remained **below pre-pandemic levels**
 - the public are more confident about visiting **outdoor attractions** than indoor spaces
 - **older age groups** are the least comfortable with visiting indoor attractions
- Comfort with going on a **UK holiday is positive**, however:
 - this is less so for city-based destinations
- Domestic tourism may benefit from the continuing uneasiness around taking overseas trips
- Inbound tourism will recover to around **80% of pre-pandemic levels by 2023** and fully recover by 2025/26

6. Association of Leading Visitor Attractions (Bernard Donoghue, Director), *Deeper, Richer, Better* (November 2021)

7. BVA BDRC (Jon Young, Director of Tourism and Leisure), *The Mood of the Nation: Comfortable but Careful* (November 2021)



Scottish Tourism Outlook (January 2022)

Public confidence has improved since early 2021 and interest in domestic trips is rising

Since May 2020, the national tourist boards in Great Britain have commissioned quarterly research to track the sentiment and intentions of domestic tourists⁹. The results for November 2021 – January 2022 show that:

- **Public optimism has improved** on the position the previous year, although:
 - a significant proportion of people continue to avoid doing things they would normally have done
 - older age groups are the least comfortable with general leisure activity
- UK and Scottish residents anticipate taking significantly **more overnight trips in 2022**
- Domestic overnight trips continue to be favoured above overseas trips
- Scotland is the fourth most preferred destination in the UK for an overnight trip in winter/spring and second most preferred in Summer
- Scottish residents who intend to travel are more likely to look for **rural and coastal destinations**
- Non-Scotland based residents are more likely to visit the Edinburgh area
- There are signs that **more overnight tourists intend to visit a large Scottish city** than during the previous year
- The **Scottish Highlands has a universal appeal** and is the top destination in Scotland for all visitors

9. VisitScotland,, COVID-19 UK Consumer Tracking Report: Scotland Level Summary, Waves 40-42, 4th November 2021 to 10th January 2022, published 3rd February 2022



UK Tourism Outlook (March 2022)

Interest in domestic trips is strong, Scotland is popular and so are stays in short-term let properties, however people are concerned about the affordability of travel in the next year

At a UK level, the Covid-19 Consumer Tracker survey for March 2022⁸ is picking up growing concerns around the affordability of travel. Based on interviews with 1,500 UK-based adults, it reports that:

- around **73% were confident about taking a UK overnight trip** between April and June 2022
- compared with the February 2022 survey, **a lower proportion** (31%) of those interviewed were planning on taking more trips in the coming year than in the last year
- a higher proportion of adults anticipate taking a domestic trip this Spring or Summer rather than an international trip
- the rising costs of holidays/ leisure was mentioned as **one of the top three barriers** to taking an overnight UK or overseas trip
- of the 12 regions, **Scotland is the 3rd most preferred overnight trip destinations** in the UK for Spring 2022
- hotels, private homes, commercial rented property and caravans were equally popular with those interviewed
- guesthouse/ b&b and farmhouses were less popular than the other categories
- of those who did not plan on staying in a city on their next trip, **32% thought that large cities were too expensive**

8. VisitBritain, COVID-19 UK Consumer Tracker; 1st-7th March 2022,, published 15th March 2022



Scottish Residents' Tourism Outlook

Domestic residents' interest in taking trips in Scotland fell as a result of the pandemic

A survey of residents in Scotland was carried out by VisitScotland in June 2021¹⁰. It reported that:

- there was a **significant decrease** in their likelihood of taking holidays and short breaks in Scotland compared to before the pandemic
- most people were planning on taking either the **same number or fewer trips** than before the pandemic
- the decline of appeal in Scotland among Scottish residents was higher among lapsed visitors and empty nesters/ older independents, however domestic holidays were still popular among families and young independents
- Scottish residents expected to take fewer trips than in “normal times”
- the challenges cited were:
 - worries about restrictions
 - the cost of the trip, and
 - fear of having to cancel because of Covid-19
- VisitScotland have launched a multi-channel marketing campaign, “Scotland is Calling” to support the recovery

10. VisitScotland, *Impact of COVID-19 on UK and Ireland Markets: Scotland Residents' Views*



Economic & Tourism Outlook: Impact on Airbnb Hosts

Recovery has begun, but new and significant challenges are emerging which will stall previous forecasts

- Economic recovery is well underway, however significant **new economic challenges** are emerging
- The **cost of living is rising** and will impact discretionary household spending, which includes leisure and tourism
- Survey evidence suggests a growing concern around the **affordability of travel**
- The UK market for domestic tourism is relatively optimistic, mainly so for **rural and coastal** areas and less so for cities
- Inbound tourism is expected to take **longer to recover** than domestic tourism
- Demand from Scottish residents for short breaks in Scotland is **weaker than pre-pandemic levels**
- This combination of factors could be especially detrimental to **non-professional** hosts for whom Airbnb income supplements their living costs; i.e. they rent out a room in their home, or offer a few nights per year on the platform
- The cost of licensing could affect this group disproportionately



Potential Effects of the Licensing System





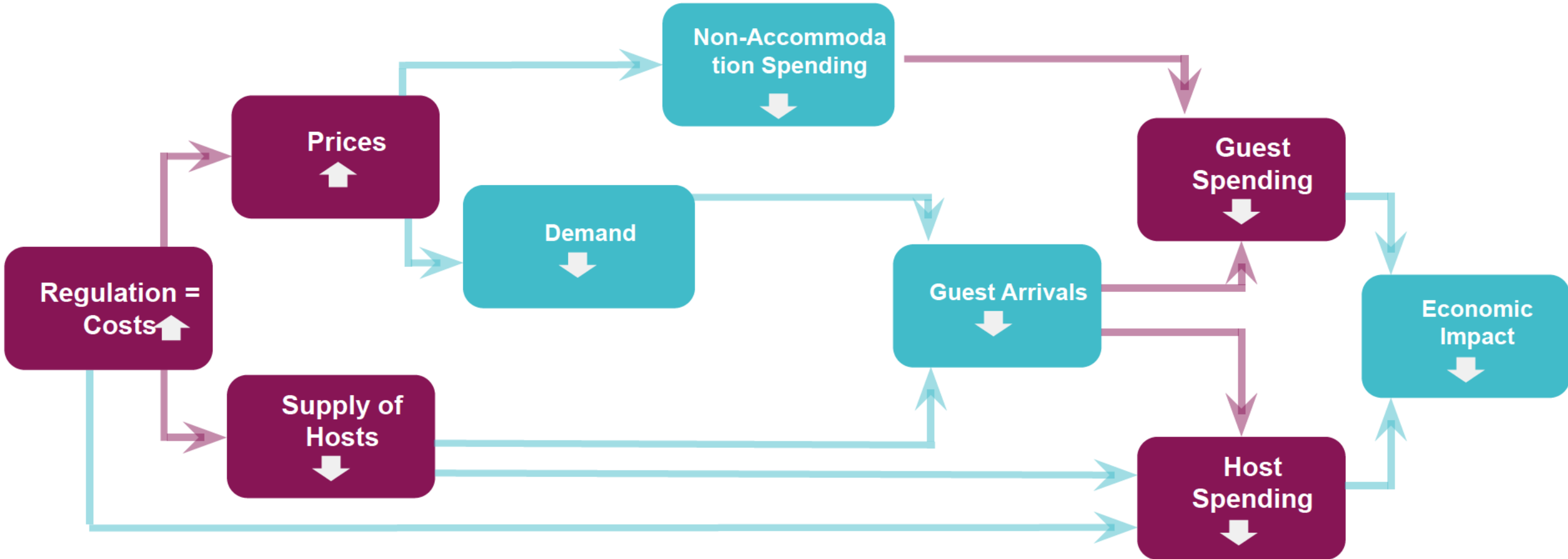
New Legislation

Two legislative changes have been introduced to regulate the short-term lets sector in Scotland

- **The Licensing Order** - has been introduced to improve the safety of short-term let accommodation for guests and for neighbours: all short-term let operators will need to apply for a licence and renew this every 1 to 3 years, depending on local authority requirements
- **Control Area Legislation** – gives the 32 local authorities discretionary powers to address the impact of hotspots of short-term let activity on local communities. Within the Control Areas, if a listing requires planning permission because it is a second home, this must be obtained before the host can apply for a licence for each of their short-term let properties
- The City of Edinburgh was designated as a control area in February 2022. Plans are progressing to introduce this status in Badenoch and Strathspey
- All short-term let operators must be licensed by 31 June 2024



Logic Chain for Economic Impacts of Licensing





Guest Spending

Reductions in guest spending will be determined by how much of the cost of the new system is passed on to Airbnb users (in increased prices)

- Based on existing HMO licensing in Scotland, the **cost of a licence may vary** among local authorities by between £300 and £1,000, with renewal required every 1 to 3 years
- In addition, the cost of meeting the mandatory conditions of the new licensing order are estimated to be around **£300 per annum**, excluding one-off and long-term costs
- If the cost of both the licence and the new safety regulations are transferred entirely to guests, the increased cost would be shared amongst guests, with the total cost to guests varying with the annual cost of the license fee and the number of guests visiting
- Dividing the possible costs of licence fees among the average Airbnb guests to each local authority gives the amount of money guests would be spending on the licence fee (in the form of increased prices)
- It is assumed that guest spending in the economy will reduce by the increase in the cost of accommodation
- The amount that each guest would be spending on the licence fee, and therefore not spending in the economy, can be expressed as a percentage of average guest spending
- Given the variance in the possible cost of the licence fee, and the varying numbers of guests by local authority, it was estimated that guest spending could **fall by between 3% and 5%**



Airbnb Nights

Changes in demand for and supply of Airbnb accommodation could lead to a reduction in nights

- Scottish Government (2021)* research found average price elasticity of demand for destinations in Europe of **-1.26**
 - This means that, when the price of European travel increases by 1%, demand to travel there falls by 1.26%
- Therefore, if the cost of the licence fee and mandatory conditions is placed entirely on guests, the demand for Airbnb accommodation would reduce by between approximately 5% and 15%, depending on the cost of the licence
- However, the effect that the new licensing system may have on the behaviour of hosts should also be considered
 - If the cost of the new licensing system is placed entirely on hosts, in some areas, such as Edinburgh and Highland, licence costs would represent a small share of the average host income earned through Airbnb in that area
 - However, these areas will include some hosts who make less than the average income, for example if their property is only available on Airbnb for a limited time each year
 - These hosts may be more likely to remove their property from the platform
 - The supply available is a major driver of tourists to use Airbnb, so this would contribute to a reduction in nights
- By considering the effect on demand of increased costs to guests and reduced supply, it was estimated that, at the lower level, Airbnb nights could **fall by 10%**

* Scottish Government (July 2021), *Review of Evidence of Elasticities Relevant to Tourism in Scotland*



Airbnb Nights

Changes in demand for and supply of Airbnb accommodation could lead to a significant reduction in nights in some areas

- In some areas, the licence fee could represent a more significant share of average host income
- This would be the case most predominantly in areas where guest arrivals are generally lower
- Furthermore, for hosts in these areas who make below the average income in their local authority, licence fees may cost the entirety of their income made through Airbnb
- It is therefore likely that, in these areas, a large share of hosts could leave the platform as a result of the implementation of licence fees
- As a major incentive for Airbnb guests is the range of available supply, a significant number of hosts leaving would likely result in a larger reduction in Airbnb nights
- By considering the potential effect of a larger number of hosts leaving, as well as the increase cost to guests, it was estimated that, at the upper level, Airbnb nights could **fall by 50%**



10% fall in Nights and 3% fall in Guest Spending

Reduction in Airbnb nights and guest spending could have differential impact by area

- A reduction in Airbnb nights of 10% and a fall in guest spending of 3% could lead to a reduction in GVA of **£32 million** and a loss of **1,740 jobs** in Scotland
- Large disparities in the scale of loss would be expected across local authorities in Scotland:
 - the greatest losses would be in:
 - Highland: £8 million GVA and 430 jobs
 - City of Edinburgh: £6 million GVA and 340 jobs
 - the smallest loss would be in:
 - East Renfrewshire: £24,000 GVA and one job



25% fall in Nights and 4% fall in Guest Spending

Reduction in Airbnb nights and guest spending could have differential impact by area

- A reduction in Airbnb nights of 25% and a fall in guest spending of 4% could lead to a reduction in GVA of **£71 million** and a loss of **3,830 jobs** in Scotland
- large disparities would be expected in the scale of loss across local authorities in Scotland:
 - the greatest losses would be in:
 - Highland: £18 million GVA and 950 jobs
 - City of Edinburgh: £14 million GVA and 740 jobs
 - the smallest loss would be in:
 - East Renfrewshire: £54,000 GVA and three jobs



50% fall in Nights and 5% fall in Guest Spending

Reduction in Airbnb nights and guest spending could have differential impact by area

- A reduction in Airbnb nights of 50% and a fall in guest spending of 5% could lead to a reduction in GVA of **£133 million** and the loss of **7,190 jobs** in Scotland
- It is expected that there would be large disparities in the scale of loss across local authorities in Scotland:
 - the greatest losses would be in:
 - Highland: £33 million GVA and 1,780 jobs
 - City of Edinburgh: £26 million GVA and 1,390 jobs
 - the smallest loss would be in:
 - East Renfrewshire: £101,000 GVA and five jobs



Potential GVA and Jobs Losses from Licensing System

	10% fall in Nights, 3% fall in Guest Spending		25% fall in Nights, 4% fall in Guest Spending		50% fall in Nights, 5% fall in Guest Spending	
Local Authority	GVA (£m)	Jobs	GVA (£m)	Jobs	GVA (£m)	Jobs
Aberdeen City	-0.6	-30	-1.3	-70	-2.5	-140
Aberdeenshire	-0.9	-50	-2.0	-110	-3.7	-200
Angus	-0.3	-10	-0.6	-30	-1.1	-60
Argyll and Bute	-1.7	-90	-3.8	-200	-7.1	-380
City of Edinburgh	-6.2	-340	-13.7	-740	-25.6	-1,390
Clackmannanshire	<-0.1	<-10	-0.1	-10	-0.2	-10
Dumfries and Galloway	-0.8	-40	-1.7	-90	-3.1	-170
Dundee City	-0.2	-10	-0.4	-20	-0.7	-40
East Ayrshire	-0.1	-10	-0.2	-10	-0.3	-20
East Dunbartonshire	-0.1	<-10	-0.1	-10	-0.2	-10
East Lothian	-0.6	-30	-1.3	-70	-2.4	-130



Potential GVA and Jobs Losses from Licensing System

	10% fall in Nights, 3% fall in Guest Spending		25% fall in Nights, 4% fall in Guest Spending		50% fall in Nights, 5% fall in Guest Spending	
Local Authority	GVA (£m)	Jobs	GVA (£m)	Jobs	GVA (£m)	Jobs
East Renfrewshire	<-0.1	<-10	-0.1	<-10	-0.1	-10
Falkirk	-0.1	<-10	-0.1	-10	-0.2	-10
Fife	-1.5	-80	-3.2	-180	-6.1	-330
Glasgow City	-1.5	-80	-3.2	-180	-6.1	-330
Highland	-7.9	-430	-17.5	-950	-32.9	-1,780
Inverclyde	-0.1	<-10	-0.1	-10	-0.3	-20
Midlothian	-0.2	-10	-0.5	-30	-1.0	-50
Moray	-0.6	-30	-1.3	-70	-2.4	-130
Na h-Eileanan Siar	-0.6	-30	-1.2	-70	-2.3	-120
North Ayrshire	-0.3	-20	-0.7	-40	-1.4	-70
North Lanarkshire	-0.1	-10	-0.3	-10	-0.5	-30



Potential GVA and Jobs Losses from Licensing System

	10% fall in Nights, 3% fall in Guest Spending		25% fall in Nights, 4% fall in Guest Spending		50% fall in Nights, 5% fall in Guest Spending	
Local Authority	GVA (£m)	Jobs	GVA (£m)	Jobs	GVA (£m)	Jobs
Orkney Islands	0.2	-10	-0.5	-30	-1.0	-60
Perth and Kinross	-1.1	-60	-2.3	-130	-4.4	-240
Renfrewshire	-0.1	-10	-0.2	-10	-0.5	-30
Scottish Borders	-0.5	-30	-1.1	-60	-2.1	-110
Shetland Islands	-0.2	-10	-0.4	-20	-0.7	-40
South Ayrshire	-0.3	-20	-0.6	-30	-1.2	-60
South Lanarkshire	-0.2	-10	-0.4	-20	-0.7	-40
Stirling	-0.6	-30	-1.4	-70	-2.5	-140
West Dunbartonshire	-0.2	-10	-0.4	-20	-0.7	-40
West Lothian	-0.1	-10	-0.2	-10	-0.4	-20
Scotland	-32.1	-1,740	-70.8	-3,830	-132.8	-7,190



Conclusion

The impact supported by Airbnb could be significantly affected by the new legislation

- Airbnb's impact in Scotland fell by £368 million GVA (-54%) and the number of jobs it supported fell by around 18,610 (-56%) as a result of the Covid-19 pandemic
- Tourism is now recovering, however inbound tourism is not forecast to return to pre-pandemic levels until 2026
- The licensing system is likely to result in changes to hosts decisions to remain on the platform, demand for Airbnb accommodation and guest spending
- Three scenarios have been estimated which give a range of likely impacts on the Scottish economy:
 - *-10% Nights & -3% Guest Spend*: would reduce Airbnb's impact by **£32 million GVA** and **1,740 jobs**
 - *-25% Nights & -4% Guest Spend*: would reduce Airbnb's impact by **£71 million GVA** and **3,830 jobs**
 - *-50% Nights & -5% Guest Spend*: would reduce Airbnb's impact by **£133 million GVA** and **7,190 jobs**
- Which scenario will depend on the cost - and also critically the process - of the licenses and how they affect guest and host decisions
- These scenarios do not account for the potential impact of Control Area legislation and the likely reduction in the supply of short-term lets it could create in areas where it is applied



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Planning Committee

2.00pm, Wednesday 14 June 2023

Economic Impact of Residential and Short-term Let Properties in Edinburgh

Executive/routine Wards Council Commitments	Executive All 4, 10
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1. Recommendations

- 1.1 It is recommended that Committee notes:
- 1.1.1. That an independent assessment of the economic impact of residential and short-term let properties in Edinburgh was commissioned with a final report issued in May 2023; and
 - 1.1.2. That the findings of the report are one source of information that can be considered when assessing the economic impacts of short-term let planning applications and that given the report is considering generalities rather than the specifics of an individual case, it is likely that only limited weight can be attached to it as a material consideration when making planning application decisions.

Paul Lawrence

Executive Director of Place

Contact: David Givan – Chief Planning Officer and Head of Building Standards

Email: david.givan@edinburgh.gov.uk



Report

Economic Impact of Residential and Short-Term Let Properties in Edinburgh

2. Executive Summary

- 2.1 The consultancy MKA Economics Ltd was appointed by the Planning Service to conduct an independent assessment of the economic impact of various types of property in Edinburgh if being used for residential purposes and provide a comparison if being used for short-term let purposes. MKA Economics has produced a report on the Economic Impact of Residential and Short-Term Let Properties in Edinburgh (“the Economic Report”) which is contained in Appendix 1.
- 2.2 The Economic Report shows that there are positive economic impacts from the use of properties for both residential use and short-term let use. The gross value added (GVA) effects are greater for residential uses than short-term lets across all property types and all areas.
- 2.3 The Economic Report is one source of information that can be considered when assessing the economic impacts of short-term let planning applications. However, given it is considering generalities rather than the specifics of an individual case, it is likely that only limited weight can be attached to it as a material consideration when making planning application decisions.
- 2.4 If further guidance on short-term lets is prepared in accordance with the decision of Planning Committee of [19 April 2023](#), the Economic Report will be used to inform the preparation of that guidance.

3. Background

- 3.1 The Council brought into force a Short-term Let Control Area for the whole of the Council’s area on 5 September 2022.
- 3.2 In the Control Area, a change of use of a dwelling to a short-term let is deemed to be a material change of use and therefore requires planning permission where that property is not the principal home of the landlord or occupier.
- 3.3 When the Control Area came into force the primary Development Plan policy governing Short Term Lets was policy Hou 7 in the Council’s Local Development Plan (“LDP”). The Council consulted on amending its planning guidance on short-term lets

between 29 September 2022 and 22 December 2022. The amended guidance was approved on 19 April 2022. This is contained in its [Guidance for Businesses](#). This guidance explains in more detail, relative to LDP Hou7, the criteria for determining whether to grant planning permission for a change of use to short-term let.

- 3.4 The [National Planning Framework 4](#) (NPF4) became part of the Council's development plan on 13 February 2023. It contains Policy 30 e) on short-term lets which states:

Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:

i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or

ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.

- 3.5 In advance of NPF4 being adopted, the Scottish Government in November 2022 published a Revised Draft National Planning Framework 4. It contained the same policy, 30 e). On the basis of this draft and the likelihood that NPF4 would be become part of the Council's development plan, the Planning Service commissioned MKA Economics to provide an independent economic impact assessment of various types of property in Edinburgh if being used for residential purposes versus being used for short-term let purposes.

- 3.6 The consultation on revising the Council's short-term lets guidance had concluded prior to the adoption of NPF4. NPF4 Policy 30 e) is therefore not currently addressed in the Council's Short-term Lets Guidance.

- 3.7 On 19 April 2023, Planning Committee noted that the consultation on the short-term lets guidance was issued prior to the coming into force of National Planning Framework 4 (NPF4) in February 2023. It also noted that City Plan 2030 is currently at examination stage, and is expected to return to Committee in late 2023 or early 2024; It further noted that the Scottish Government may be issuing guidance shortly on the application of NPF4 in respect of short-term lets; It agreed that further guidance on the applicability of NPF4 and City Plan to short-term lets is likely to be required, and agreed to receive a report setting out options for consulting on further changes to guidance once City Plan 2030 has been adopted.

4. Main report

- 4.1 The analysis contained in the Economic Report finds that that the GVA effects are greater for residential uses than short-term lets across all property types and all areas.
- 4.2 Although the Economic Report notes that the employment effects are greater for short-term lets in most cases and that although tourism jobs are valuable, they are not as valuable in GVA terms as other economic activity in the city.
- 4.3 The Economic Report states that all businesses, and the resident population, and businesses in the tourism sector are facing significant economic challenges as a

result of the ongoing cost of living crisis, and the results it presents will continue to change throughout 2023 and beyond.

- 4.4 Care needs to be taken with how the Economic Report is used. It is one source of information that can be considered when assessing the economic impacts of short-term let planning applications. In respect of the NPF4 policy that the change of use of residential accommodation for short-term lets should only be supported where this is outweighed by “demonstrable local economic benefits”, the Economic Report indicates that the conversion of residential accommodation would, generally, be expected to result in a loss of GVA, i.e. economic disbenefits. Given it is considering generalities rather than the specifics of an individual case, it is likely that only limited weight can be attached to it as a material consideration when making planning application decisions. Each planning application requires to be considered on its own merits. Applicants may be able to provide evidence that specific changes of use will deliver demonstrable economic benefits. The economic impacts are likely to vary depending upon the specifics of the property in question coupled with the overall tone of the market. For example, one aspect of the report is that it makes assumptions on occupancy rates. If the number of short-term lets in Edinburgh reduces, there may be potential that occupancy rates could increase. This could potentially increase the economic impact of an average short-term let.
- 4.5 The Economic Report is likely to be of relevance if and when the Council prepares draft revised guidance on short-term lets to address NPF4 Policy 30 e), however it would still just be one source of information in formulating the revised guidance. Any such revised draft guidance would be subject to detailed consultation prior to it being finalised.
- 4.6 The report requested by Planning Committee, on 19 April 2023, will set out options and if further guidance on short-term lets is prepared, the Economic Report will be used to inform the preparation of that guidance.

5. Next Steps

- 5.1 If the Council continues to receive significant numbers of short-term let applications consideration will be given to reviewing the report and seeking an update of it in advance of preparing new guidance. In this respect, the model that underpins the analysis has been designed to allow updates in the future.

6. Financial Impact

- 6.1 There are no immediate financial implications for the Council arising from this report.

7. Stakeholder/Community Impact

- 7.1 There has been no stakeholder or community engagement on this report.

8. Background Reading/External References

- 8.1 Report to 19 April 23 Planning Committee on [Proposed Changes to Short Term Let Guidance in the Non-Statutory Guidance for Businesses.](#)
- 8.2 Planning [Guidance for Businesses](#) which contains guidance on short-term lets.
- 8.2 [National Planning Framework 4](#) (NPF4).

9. Appendices

- 9.1 Appendix 1 – Economic Impact of Residential and Short-Term Let Properties in Edinburgh.



Economic Impact of Residential and Short-Term Let Properties in Edinburgh

A Final Report

For

City of Edinburgh Council

By

MKA Economics

24th May 2023

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Executive Summary

MKA Economics was appointed by City of Edinburgh Council (the Council) in November 2022 to present an independent economic impact assessment of various types of properties in Edinburgh if used as a residential property as opposed to being used for short-term holiday lettings. This report sets out the approach and methodology, and results as set out below.

The analysis shows that the gross value added (GVA) effects are greater for residential uses than short-term lets across all property types and all areas. Although it is noted that the employment effects are greater for short-term lets in most cases, however, although tourism jobs are valuable, they are not as valuable in GVA terms as other economic activity in the city.

All businesses, and the residents, and businesses in the tourism sector are facing significant economic challenges as a result of the ongoing cost of living crisis, and the results presented in this section will continue to change throughout 2023 and beyond. The model has been designed in such a manner to allow regular updates in future.

Figure 1.1: Economic Impact of Residential and Short Term Let Properties

Edinburgh Average - Residential				Edinburgh Average - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	7,516	7,301	1 bed	0.23	4,714	12,419
2 bed	0.31	12,559	16,267	2 bed	0.43	8,764	21,991
3 bed	0.49	19,699	22,065	3 bed	0.60	12,288	30,467
4 bed	0.62	25,117	32,040	4 bed	0.75	15,293	37,878
5 bed	0.77	31,212	42,355	5 bed	1.03	21,018	51,650

Edinburgh Central - Residential				Edinburgh Central - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.20	£ 8,212	£ 8,088	1 bed	0.29	£ 5,990	£ 15,542
2 bed	0.33	£ 13,208	£ 16,937	2 bed	0.55	£ 11,137	£ 27,840
3 bed	0.51	£ 20,706	£ 22,780	3 bed	0.77	£ 15,775	£ 38,970
4 bed	0.66	£ 26,417	£ 33,174	4 bed	1.05	£ 21,470	£ 52,548
5 bed	0.82	£ 32,841	£ 43,142	5 bed	1.10	£ 22,412	£ 55,537

Edinburgh Eastern - Residential				Edinburgh Eastern - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.16	£ 6,323	£ 5,746	1 bed	0.19	£ 3,916	£ 10,391
2 bed	0.25	£ 10,041	£ 12,239	2 bed	0.29	£ 5,952	£ 15,249
3 bed	0.39	£ 15,833	£ 15,975	3 bed	0.43	£ 8,861	£ 22,100
4 bed	0.50	£ 20,081	£ 23,678	4 bed	-	£ -	£ -
5 bed	0.62	£ 24,860	£ 33,072	5 bed	-	£ -	£ -

Edinburgh North and Leith - Residential				Edinburgh North and Leith - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	£ 7,500	£ 7,290	1 bed	0.23	£ 4,765	£ 12,331
2 bed	0.34	£ 13,608	£ 17,952	2 bed	0.43	£ 8,855	£ 21,880
3 bed	0.53	£ 21,304	£ 24,712	3 bed	0.66	£ 13,437	£ 32,556
4 bed	0.68	£ 27,215	£ 35,104	4 bed	0.64	£ 13,044	£ 32,195
5 bed	0.84	£ 33,866	£ 47,523	5 bed	0.96	£ 19,624	£ 47,763

Edinburgh Pentland - Residential				Edinburgh Pentland - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.18	£ 7,052	£ 7,226	1 bed	0.21	£ 4,318	£ 11,516
2 bed	0.32	£ 12,791	£ 17,825	2 bed	0.42	£ 8,654	£ 21,628
3 bed	0.50	£ 20,028	£ 25,233	3 bed	0.55	£ 11,162	£ 27,897
4 bed	0.63	£ 25,581	£ 36,383	4 bed	0.65	£ 13,330	£ 33,384
5 bed	0.79	£ 31,829	£ 47,201	5 bed	-	£ -	£ -

Edinburgh Southern - Residential				Edinburgh Southern - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.21	£ 8,308	£ 8,088	1 bed	0.24	£ 4,974	£ 13,220
2 bed	0.33	£ 13,364	£ 16,937	2 bed	0.46	£ 9,333	£ 23,719
3 bed	0.52	£ 20,950	£ 22,780	3 bed	0.65	£ 13,329	£ 33,382
4 bed	0.66	£ 26,728	£ 33,174	4 bed	-	£ -	£ -
5 bed	0.82	£ 33,228	£ 43,142	5 bed	-	£ -	£ -

Edinburgh Western - Residential				Edinburgh Western - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	£ 7,698	£ 7,369	1 bed	0.21	£ 4,318	£ 11,516
2 bed	0.31	£ 12,340	£ 15,714	2 bed	0.42	£ 8,654	£ 21,628
3 bed	0.48	£ 19,375	£ 20,910	3 bed	0.55	£ 11,162	£ 27,897
4 bed	0.61	£ 24,680	£ 30,729	4 bed	0.65	£ 13,330	£ 33,384
5 bed	0.76	£ 30,649	£ 40,050	5 bed	-	£ -	£ -

1 Introduction

1.1 MKA Economics was appointed by City of Edinburgh Council (the Council) in November 2022 to present an independent economic impact assessment of various types of properties in Edinburgh if used as a residential property as opposed to being used for short-term holiday lettings.

1.2 In recent years, there has been a trend of residential properties in Edinburgh and Scotland being formally and informally repurposed as short-term holiday letting properties.

1.3 National Planning Framework 4 (NPF4) document sets out planning policies with respect to this. Policy 30e of NPF4 is as follows:

‘Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:

- i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or*
- ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.’*

1.4 With regards to point ii, the Council requires an analysis of the local economic benefits of short-term holiday letting properties as opposed to residential properties.

1.5 The scope of the work is to prepare a simple table that compares the local economic benefits of a residential property versus a short-term holiday let properties for a range of scenarios.

2 Assessment Methodology

2.1 The scope of the work is to prepare a simple set of tables that compares the local economic benefits of a residential property versus a short-term holiday let property for a range of scenarios.

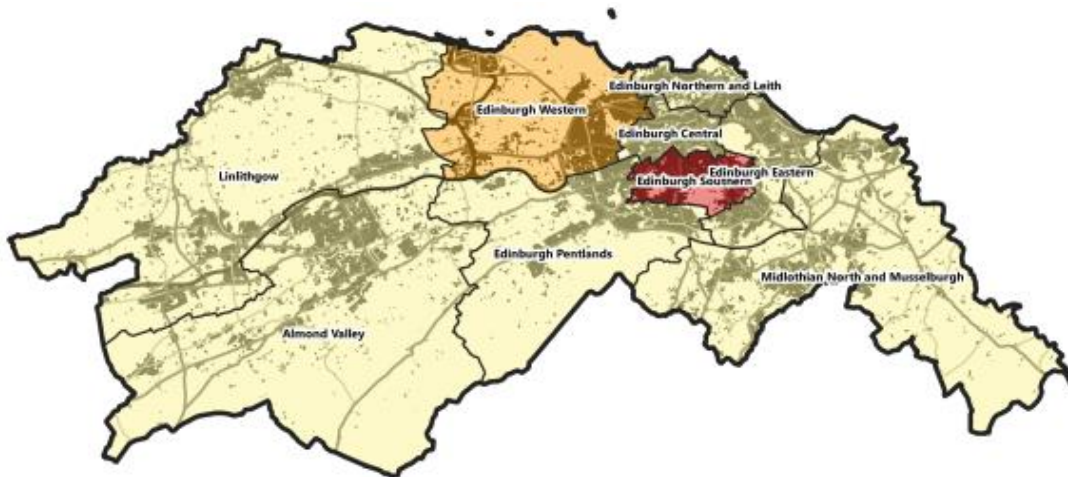
2.2 The analysis takes the form of a series of tables that sets out the expected economic impact for a single property if used for residential use and if used as a short-term holiday letting. A key consideration is that the table should present this data for various 'scenarios' of properties rather than presenting a single figure for the city overall. These scenarios include the number of bedrooms the property has and the location of the property. MKA Economics has considered how these different inputs would impact upon factors such as expenditure and occupancy/voids and how this would in turn impact upon the expected economic benefits.

2.3 For this assessment MKA Economics has devised an economic impact model which splits Edinburgh into its six Scottish Parliamentary constituency areas, these being:

- Edinburgh Central
- Edinburgh Eastern
- Edinburgh Northern and Leith
- Edinburgh Pentlands
- Edinburgh Southern
- Edinburgh Western

2.4 The analysis also summarises the impacts for Edinburgh as a whole as a result of drawing on the findings from the constituencies. These constituency areas are illustrated on the map below.

Figure 1.2: Edinburgh and Lothian Scottish Parliament Constituencies



2.5 These areas were selected according to the availability of data for both residential households as well as information for short-term lets. The residential figures are sourced from a range of local and national publicly available datasets. The lettings information is sourced from AirDNA, which is the data engine behind AirBNB and Vrbo, and has information on more than 6,660 active listings in Edinburgh. These are explained in more detail below.

Residential Use

2.6 The residential market in each character area were assessed according to the number of bedrooms, from one bedroom to five bedrooms.

2.7 In order to assess Council Tax impacts, a review of Council Tax statistics in each area was completed, using figures from the National Records of Scotland (NRS) (Estimates of Households and Dwellings in Scotland). An interrogation of Council Tax banding by property type and by constituency was undertaken to assess the expected Council Tax receipts by area and property tax.

2.8 The analysis has utilised Council Tax Charges for Edinburgh for the period 2023/24, these being A-C (Edinburgh average £1,517), D-E (Edinburgh average £2,233) and F-H (Edinburgh average £3,767). In terms of key assumptions, the analysis has assumed all one beds across all areas are in the A-C band and all five beds are in the F-H band. Using the statistics, the analysis has assumed that two bedroom properties in North, East and Pentlands remain in A-C as they have a higher proportion of these properties, and the other areas move to band D-E for two bedroom properties. North and East three bedroom properties remain in A-C, and Pentlands moves into D-E for three bedroom properties. In terms of four bedroom properties, East and North remain in D-E whilst the other areas move to F-H. The analysis has also applied a 25% reduction to the one bedroom / one person households.

Figure 1.3: Council Tax Bands

Area	One Bed	Two Bed	Three Bed	Four Bed	Five Bed
Central	A-C	D-E	D-E	F-H	F-H
Eastern	A-C	A-C	A-C	D-E	F-H
Northern & Leith	A-C	A-C	A-C	D-E	F-H
Pentlands	A-C	A-C	D-E	D-E	F-H
Southern	A-C	D-E	D-E	F-H	F-H
Western	A-C	D-E	D-E	F-H	F-H

2.9 In order to assess the number of adults, working adults and children in each home, the analysis has utilised figures from the Scottish Household Survey which found that the average number of bedrooms per household was 2.6 and the average household size was 2.2, so there was an average of 1.18 bedrooms per person in Scotland, or inversely 0.85 people per bedroom in Scotland.

2.10 On the basis that less than one person cannot reside in a house, the analysis has assumed one person for one bedroom homes, and then utilised the 0.85 proxy for each additional property size. A review of Office for National Statistics (ONS) (The Effects of Taxes and Benefits on Household Income, UK, 2021/22 - Reference Tables) also showed that the average number of children per household is 0.5 (in a typical household of 2.4), or 0.21 children per average house. The analysis has deployed this proxy per household size to calculate the number of adults per house. The working age numbers are converted to 'economically active' figures by deploying the economic activity rate for Edinburgh (81.4%) from ONS Annual Population Survey.

Figure 1.4: Tenure by Property Size

Property Type	Average Number of Residents	Average Number of Adults	Average Number of Working Adults
One Bed	1.0	0.8	0.6
Two Bed	1.7	1.3	1.1
Three Bed	2.6	2.1	1.7
Four Bed	3.4	2.7	2.2
Five Bed	4.3	3.4	2.8

2.11 Annual salaries were drawn from the Annual Survey of Hours and Earnings (ASHE), these salaries were used to assess the value of workers earnings, and therefore also present the economic value of these jobs, and enable taxation impacts to be calculated. These figures can be seen to be the economic value of the properties being occupied by working age residents, and would therefore have a beneficial impact on producing goods and services in other parts of the Edinburgh economy.

Figure 1.5: Average Salary by Area

Area	Avg. Salary	Diff with Edinburgh	Diff with Scotland
Central	£40,369	11%	27.4%
Eastern	£31,833	-13%	0.4%
Northern & Leith	£37,461	3%	18.2%
Pentlands	£37,229	2%	17.5%
Southern	£40,369	11%	27.4%
Western	£37,748	4%	19.1%
Edinburgh	£36,393		
Scotland	£31,697		

2.12 Income tax assumptions are based upon the Scottish Government taxation rate, where there is a tax free threshold of around £12,500. There is a starter rate of 19% up to £15,000, a lower tax rate of 20% up to £25,000 and a 21% rate up to £44,000. For the purposes of this assessment we have assumed a middle income tax rate of 21%. In terms of National Insurance, we have adopted the same approach and assumed 12% of salaries over the national threshold of £12,500.

2.13 Family expenditure rates were drawn from the ONS 'Family Spending in the UK' in 2021. The rate for Scotland was used as a baseline, and 'housing costs' in terms of heating and lighting were excluded as these are unlikely to be spent locally. The other items were all deemed to be potentially local benefits, e.g., food and drink, health, transport, and recreation. This provided an annual weekly expenditure per person of £190 and an annual figure of £9,850. In order to assess potential variances at the local level the base case figures were subjected to an increase directly related to the variance in the earnings in Edinburgh vis-à-vis Scotland. Total family expenditure was then presented, and these figures were subjected to a VAT adjustment of 20%, to provide a net family expenditure impact.

2.14 The total gross impact was calculated according to salaries and family expenditure. In order to reflect the likelihood that some of this activity would 'leak' out of Edinburgh as result of workers being employed outside the city and an element of their expenditure benefiting non-Edinburgh locations and businesses an adjustment for leakage was presented.

2.15 Travel to work statistics from the 2011 Census were reviewed, and it was assumed for each character area, that people travelling over 10km to work, would likely to be working outside of Edinburgh. Varying leakage rates were then assumed for earning and expenditure totals.

2.16 In order to convert the net local impact to employment and GVA per job. A review of the latest Scottish Annual Business Statistics (2019 figures) was completed. This review found that one Full Time Equivalent (FTE) job is created for every £126,585 in Edinburgh, and each FTE job across the Edinburgh economy has a GVA per head impact of £40,294. FTEs have been calculated based on 69% of Edinburgh's workforce being full time and 31% being part time, with part time posts assumed to be 0.5 of a job.

2.17 This assessment was then used to populate the 'Overview' for the residential properties by size and character area across Edinburgh's six parliamentary constituency areas.

Short-Term Letting Use

2.18 In terms of short-term lets, figures from AirDNA were used, as this is the largest and most up to date source of active and historic data for short term lets at the local level. In total AirDNA presented ten character areas for Edinburgh, and transposed into the six Scottish Parliamentary constituency areas, this assumes the following:

- Edinburgh Central: New Town, Old Town and Stockbridge
- Edinburgh Eastern: Craigmillar and Portobello
- Edinburgh Northern and Leith: Leith
- Edinburgh Pentlands: Edinburgh West and Balerno
- Edinburgh Southern: Marchmont, Morningside and Newington
- Edinburgh Western: Edinburgh West and Balerno

2.19 It should be noted that due to the scale of the AirDNA area of West Edinburgh and Balerno, this covers both Edinburgh Pentlands and Edinburgh Western. AirDNA figures outlined that, on average, two people stayed in a one bedroom property, four people in a two bedroom property, six people in a three bedroom property, eight people in a four bedroom property and ten people in a five bedroom property.

2.20 It should be noted that due to limited data for larger properties in some areas, such as Edinburgh Eastern, Pentland, Southern and Western, there is insufficient data to assess larger lettable properties.

2.21 In terms of property tax, we were unable to access the Scottish Government Non-Domestic Tax Rate calculator as it is under review. Furthermore, a review of Edinburgh's District Valuers website identified no self-catering properties and it was therefore assumed that the properties were more likely to have a Council Tax impact, than a Non-Domestic Rate impact.

2.22 It is acknowledged that this position is subject to ongoing legislative changes. The same Council Tax proxies as outlined for residential properties by their size was therefore assumed for short-term lets.

2.23 In terms of booking data, we obtained booking charges and occupancy rates from AirDNA for each area and by property size, this assumed full properties and not properties which were subletting individual rooms within a residential property. The daily rate does not include the AirBNB service charge which is charged to the customer, which is set at varied between 14%. The cleaning charge is included in the daily rate, and this was extrapolated (being around 5%) of the daily rate, for illustrative purposes, although it is acknowledged that this varies by property to property. The analysis of daily rates and occupancy rates is based on the most recent year (Dec 21 – Nov 22) figures from AirDNA.

2.24 The daily expenditure by each overnight tourist staying in Edinburgh was sourced from VisitScotland's 'Tourism in Edinburgh' 2019, which is the latest source, and it is acknowledged that 2022 was expected to be similar to 2019, on the basis that Covid-19 restrictions were largely lifted and anecdotal evidence and a review of a range of tourism barometers suggesting 2022 was a similar year as pre-pandemic figures from 2019. The overnight figures assumed £99 for international travellers and £96 for domestic travellers, therefore £97.50 was assumed.

2.25 This average figure has been adjusted to account for the difference in booking rates across each property type and area, for example, where booking charges are higher, or lower, than average, this same factor has been adopted to alter the average daily spend figure. The logic being that those spending more/less on booking accommodation, are likely to spend more/less during their stay.

2.26 A headline summary of these short-term let metrics is presented in Figure 1.6 below.

Figure 1.6: Short-Term Lets – Tourism Assumptions

	Net Daily Rate	Spend Variance with Average	Occupancy Rate
Central			
1 bed	£142.15	25%	77%
2 bed	£196.01	22%	73%
3 bed	£287.54	21%	70%
4 bed	£468.61	23%	70%
5 bed	£591.68	7%	67%
Eastern			
1 bed	£96.69	-15%	74%
2 bed	£110.83	-31%	69%
3 bed	£173.94	-27%	65%
Northern and Leith			
1 bed	£113.09	-1%	77%
2 bed	£160.23	0%	71%
3 bed	£259.78	9%	66%
4 bed	£349.62	-8%	57%
5 bed	£510.44	-7%	68%
Pentland			
1 bed	£108.08	-5%	73%
2 bed	£161.13	1%	69%
3 bed	£226.08	-5%	63%
4 bed	£290.93	-24%	70%
Southern			
1 bed	£115.04	1%	79%
2 bed	£171.30	7%	70%
3 bed	£257.69	8%	66%
Western			
1 bed	£108.08	-5%	73%
2 bed	£161.13	1%	69%
3 bed	£226.08	-5%	63%
4 bed	£290.93	-24%	70%

2.27 Consultation with VisitScotland outlined that this included accommodation spend, and therefore this was subtracted from the spend rated, based on known accommodation costs in each areas and by property size. Therefore, a total per head accommodation spend could be calculated. This was then multiplied by 365 days and subjected to an occupancy rate which was reflective of statistics by area and property size from AirDNA.

2.28 In keeping with the residential assessment, a leakage rate was assessed. There are no statistics from VisitScotland which outline where tourists spent their time and money when visiting Edinburgh. However, a review of the Great Britain Day Visits Survey does provide an insight to expenditure by type, and concludes that around 32% of expenditure is accounted for by transport. It is expected that these costs will be borne outside Edinburgh, with the vast majority of the other costs (eating and drinking, retail and admissions) will benefit local businesses. For the purposes of this assessment, we have assumed a leakage rate of 32%.

2.29 In order to convert the net local impact to employment and GVA per job. A review of the latest Scottish Annual Business Statistics (2019 figures) was completed. This review found that one FTE job is created for every £126,585 in Edinburgh, and each 'Sustainable Tourism' FTE job across the Edinburgh economy has a GVA per head impact of £20,371. FTEs have been calculated based on 69% of Edinburgh's workforce being full time and 31% being part time, with part time posts assumed to be 0.5 of a job.

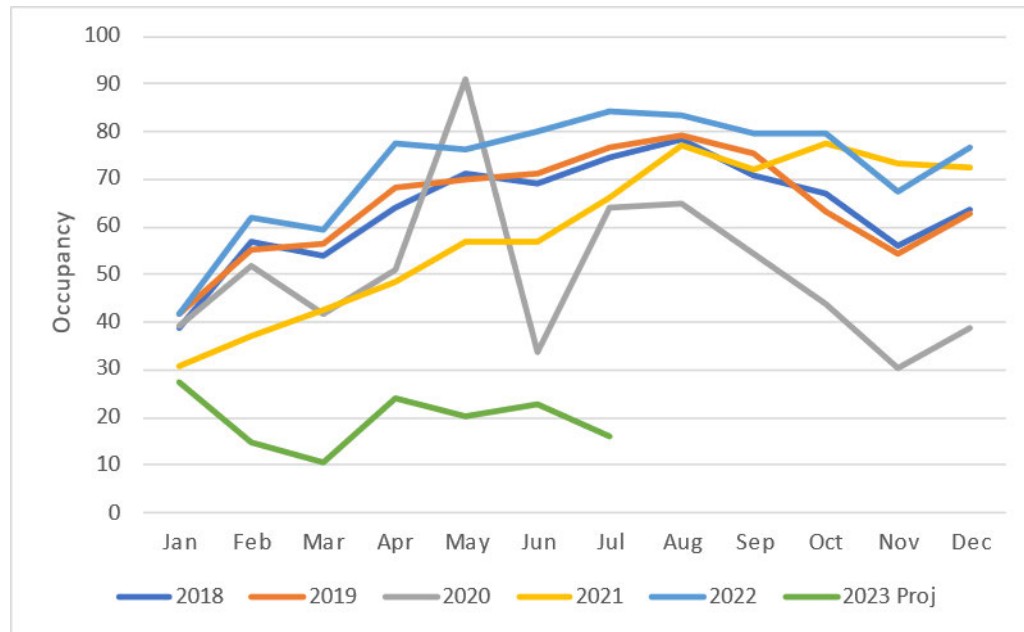
Limitations and Assumptions

2.30 This assessment is based on a review of publicly available datasets and through subscribing to active rental data from AirDNA. These figures utilise the most recent sources and figures at the time of the analysis, January 2023.

2.31 It is acknowledged that the UK, Scotland and potentially Edinburgh is moving into an economic slowdown, and this will have a marked impact on residential and short term let impacts presented below. The assessment has not assessed unemployment, and this may be an area which changes in the near future. Similarly, salary levels may become depressed and spending power adversely affected by the ongoing cost of living crisis. This is a dynamic situation and this 'snapshot' assessment should therefore be reviewed going forward.

2.32 Similarly, it is known from a review of AirDNA figures that forward projections from occupancy rates are showing signs of being much lower in 2023 than achieved in 2022. The following figure presents the achieved occupancy rates in 2022 and those forecast for 2023, it is known that rates in January 2023 are already around 50% below those achieved in early 2022.

Figure 1.7: Edinburgh Short Term Lets: Occupancy Rates 2018 (Actual) – July 2023 (Projected)



2.33 Caution should be taken when reviewing future projections as these are likely to change and are presented as these are only bookings that have been to date. However, this expected dramatic downturn is validated by the findings of a recent survey completed by the Association for Scottish Self Caterers (published 11th January 2023¹) which found that:

- Between January and March 2023, average occupancy is at 24% across those businesses that are open;
- Between April and June, based on existing bookings to date, average occupancy is 32%;
- Between July and September average occupancy is just 31%.

2.34 Looking at January – March 2023 bookings, 61% respondents note that the season is worse or much worse (28% much worse) than the same period in 2022. In overall terms, when describing how the anticipated 2023 season is looking so far compared to 2022, 64% respondents note that the season is worse or much worse (25% much worse).

2.35 In comparison to last year 43% say their bookings for the next three months are substantially lower than last year with a further 22% saying bookings are slightly lower. In comparison to last year 41% say their bookings are substantially lower for the next six months with a further 28% saying they are slightly lower.

¹ <https://www.assc.co.uk/assc-occupancy-survey/>

2.36 The survey also found that:

- 91% continue to be concerned about the impact of short term letting licensing (69% very concerned)
- 86% concerned about lack of consumer confidence to book holidays (47% very concerned)
- 89% concerned about the very cost of doing business (41% very concerned)

2.37 All businesses, and the resident population, and businesses in the tourism sector are facing significant economic challenges as a result of the ongoing cost of living crisis, and the results presented in this section will continue to change throughout 2023 and beyond. The model has been designed in such a manner to allow regular updates in future.

3 Results

3.1 The results of the assessment are presented in the following tables.

3.2 The analysis shows that the GVA effects are greater for residential uses than short-term lets across all property types and all areas. Although it is noted that the employment effects are greater for short-term lets in most cases, however, although tourism jobs are valuable they are not as valuable in GVA terms as other economic activity in the city.

3.3 All businesses, and the resident population, and businesses in the tourism sector are facing significant economic challenges as a result of the ongoing cost of living crisis, and the results presented in this section will continue to change throughout 2023 and beyond. The model has been designed in such a manner to allow regular updates in future.

Figure 1.8: Economic Impact of Residential and Short Term Let Properties

Edinburgh Average - Residential				Edinburgh Average - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	7,516	7,301	1 bed	0.23	4,714	12,419
2 bed	0.31	12,559	16,267	2 bed	0.43	8,764	21,991
3 bed	0.49	19,699	22,065	3 bed	0.60	12,288	30,467
4 bed	0.62	25,117	32,040	4 bed	0.75	15,293	37,878
5 bed	0.77	31,212	42,355	5 bed	1.03	21,018	51,650

Edinburgh Central - Residential				Edinburgh Central - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.20	£ 8,212	£ 8,088	1 bed	0.29	£ 5,990	£ 15,542
2 bed	0.33	£ 13,208	£ 16,937	2 bed	0.55	£ 11,137	£ 27,840
3 bed	0.51	£ 20,706	£ 22,780	3 bed	0.77	£ 15,775	£ 38,970
4 bed	0.66	£ 26,417	£ 33,174	4 bed	1.05	£ 21,470	£ 52,548
5 bed	0.82	£ 32,841	£ 43,142	5 bed	1.10	£ 22,412	£ 55,537

Edinburgh Eastern - Residential				Edinburgh Eastern - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.16	£ 6,323	£ 5,746	1 bed	0.19	£ 3,916	£ 10,391
2 bed	0.25	£ 10,041	£ 12,239	2 bed	0.29	£ 5,952	£ 15,249
3 bed	0.39	£ 15,833	£ 15,975	3 bed	0.43	£ 8,861	£ 22,100
4 bed	0.50	£ 20,081	£ 23,678	4 bed	-	£ -	£ -
5 bed	0.62	£ 24,860	£ 33,072	5 bed	-	£ -	£ -

Edinburgh North and Leith - Residential				Edinburgh North and Leith - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	£ 7,500	£ 7,290	1 bed	0.23	£ 4,765	£ 12,331
2 bed	0.34	£ 13,608	£ 17,952	2 bed	0.43	£ 8,855	£ 21,880
3 bed	0.53	£ 21,304	£ 24,712	3 bed	0.66	£ 13,437	£ 32,556
4 bed	0.68	£ 27,215	£ 35,104	4 bed	0.64	£ 13,044	£ 32,195
5 bed	0.84	£ 33,866	£ 47,523	5 bed	0.96	£ 19,624	£ 47,763

Edinburgh Pentland - Residential				Edinburgh Pentland - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.18	£ 7,052	£ 7,226	1 bed	0.21	£ 4,318	£ 11,516
2 bed	0.32	£ 12,791	£ 17,825	2 bed	0.42	£ 8,654	£ 21,628
3 bed	0.50	£ 20,028	£ 25,233	3 bed	0.55	£ 11,162	£ 27,897
4 bed	0.63	£ 25,581	£ 36,383	4 bed	0.65	£ 13,330	£ 33,384
5 bed	0.79	£ 31,829	£ 47,201	5 bed	-	£ -	£ -

Edinburgh Southern - Residential				Edinburgh Southern - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.21	£ 8,308	£ 8,088	1 bed	0.24	£ 4,974	£ 13,220
2 bed	0.33	£ 13,364	£ 16,937	2 bed	0.46	£ 9,333	£ 23,719
3 bed	0.52	£ 20,950	£ 22,780	3 bed	0.65	£ 13,329	£ 33,382
4 bed	0.66	£ 26,728	£ 33,174	4 bed	-	£ -	£ -
5 bed	0.82	£ 33,228	£ 43,142	5 bed	-	£ -	£ -

Edinburgh Western - Residential				Edinburgh Western - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	£ 7,698	£ 7,369	1 bed	0.21	£ 4,318	£ 11,516
2 bed	0.31	£ 12,340	£ 15,714	2 bed	0.42	£ 8,654	£ 21,628
3 bed	0.48	£ 19,375	£ 20,910	3 bed	0.55	£ 11,162	£ 27,897
4 bed	0.61	£ 24,680	£ 30,729	4 bed	0.65	£ 13,330	£ 33,384
5 bed	0.76	£ 30,649	£ 40,050	5 bed	-	£ -	£ -

Planning and Building Standards

The City of Edinburgh Council
G2, Waverley Court
4 East Market Street
Edinburgh
EH8 8DG

29 September 2023

Dear Sir / Madam,

PLANNING PERMISSION 22/04991/FULSTL FOR THE PROPOSED CHANGE OF USE FROM RESIDENTIAL TO SHORT-TERM LET (IN RETROSPECT) AT 2 GAYFIELD PLACE, EDINBURGH, EH7 4AB

I write in support for the appeal in connection with the planning application submitted for my property, 2 Gayfield Place. For the past four years, I have operated this property as a short-term rental with marketing assistance of Beautiful Holiday Homes. Together, we have provided tourists and guests with a top-tier, self-catered accommodation experience in the heart of Edinburgh's City Centre.

During this time, I have witnessed a significant demand for the property, and the positive feedback from my guests has been overwhelming. In light of this success, I have made substantial investments in enhancing the property's fitout and marketing. The income generated from this property represents my sole source of income, as I am concurrently in the process of launching a new startup business.

One notable aspect of my property is that it is a main door flat, ensuring that my guests have no direct interaction with neighbouring residents. I firmly believe that this usage has had no adverse impact on the local area. In fact, the vicinity is inherently bustling and lively, with a wine bar, shop, church, and an interchange bus stop all in immediate proximity. The absence of any complaints from neighbouring residents over the course of four years of operation is a testament to the harmonious coexistence of this property with the community. The single generic objection to the planning application, received from a non-proximate resident in the area, further underscores the lack of any significant concerns.

I believe that my short-term rental operation at 2 Gayfield Place is a valuable asset to the community, positively contributes to the local economy and complements the vibrant atmosphere of its location. I am committed to being a responsible and considerate host, and I am willing to address any concerns that may arise in the future.

Should I be unable to continue this operation, it would pose a serious challenge to me, my family, and my business, especially given the substantial investments I have made to maintain the property at its current high standard. The potential loss of income would have a profound impact on my financial stability. Considering the unique attributes of my main door property, the absence of any complaints, and the lack of objection from my neighbours, I kindly request your reconsideration of the initial planning decision.

Thank you for your time and consideration.

Yours faithfully

Ed Clerk

Planning and Building Standards

The City of Edinburgh Council
G2, Waverley Court
4 East Market Street
Edinburgh
EH8 8DG

29 September 2023

Dear Sir / Madam,

**APPEAL TO LOCAL REVIEW BODY
PLANNING PERMISSION 22/04991/FULSTL FOR THE PROPOSED CHANGE OF USE FROM
RESIDENTIAL TO SHORT-TERM LET (IN RETROSPECT) AT 2 GAYFIELD PLACE, EDINBURGH, EH7
4AB
ONLINE REFERENCE NUMBER 100617564-003**

Montagu Evans represent the owner of the application site.

On behalf of our client, we herewith submit an appeal to the City of Edinburgh Council's Local Review Body (LRB) in respect of the refusal of planning permission 22/04991/FULSTL. The application proposes the "*change of use from residential to short term let (in retrospect)*" at 2 Gayfield Place, Edinburgh, EH7 4AB ('the site').

The appeal to the LRB follows the delegated refusal of the application on 4 July 2023.

The appeal has been submitted to the City of Edinburgh Council today via the Scottish Government ePlanning website (online reference number 100617564-003).

APPLICATION FOR PLANNING PERMISSION

The appeal to the LRB comprises:

- Completed application forms and requisite ownership certificates;
- Cover letter (i.e. this letter prepared by Montagu Evans);
- Planning Appeal Statement, prepared by Montagu Evans;
- Site Location Plan (at scale 1:1250 @ A4);
- Appellant's Letter of Support
- Planning Committee Report – Economic Impact of Residential and Short-Term Let Properties in Edinburgh
- Economic Reports
- Documents associated with the refused application, including:
 - Acknowledgement Letter
 - Application Cover Letter
 - Application Forms
 - HES Consultation
 - Internal Floor Plan
 - Neighbour Notification List
 - Supporting Planning Statement
 - Request for Information

- NPF4 Response
- Neighbour Objection Comment
- Decision Notice
- Planning Officer's Report of Handling

PROPOSED DEVELOPMENT

The property is a self-contained ground floor flat that extends to approximately 153 sqm and has three bedrooms. The site has its own private entrance, with the main door to the flat accessed directly from the street. The property shares no communal access points or areas with any other residential dwellings in the building. The property is considered high end luxury accommodation and has been successfully operated as a short-term let by the Appellant since 2019.

As the CEC have designated the whole of the city as a short term let Control Area (as per the provisions of the Town and Country Planning (Short-term Let Control Areas) (Scotland) Regulations 2021) and the application site is located within this Control Area, the application for planning permission was progressed in retrospect to regularise the use of the property as a short term let.

SUMMARY

We trust that the above and attached are satisfactory and that you are in a position to register and progress the appeal.

We would also be happy to meet with Members on site to discuss the appeal further if that would assist in the proceedings.

Should you require any further information at this stage, please do not hesitate to contact Lisa Proudfoot (lisa.proudfoot@montagu-evans.co.uk) or Andrew Dunbar (andrew.dunbar@montagu-evans.co.uk) of this office direct.

Yours faithfully,

MONTAGU EVANS LLP

2 GAYFIELD PLACE, EDINBURGH

APPEAL STATEMENT

29 SEPTEMBER 2023



1.0 STRUCTURE OF THE APPEAL STATEMENT

1.1 The Appeal Statement is structured as follows:

- **Section 2** provides an overview;
- **Section 3** summarises the proposed development;
- **Section 4** summarises the appeal site and surroundings;
- **Section 5** summarises the appropriate procedure;
- **Section 6** summarises the need for the proposed development;
- **Section 7** sets out the planning policy context;
- **Section 8** outlines relevant material considerations;
- **Section 9** summarises consultee responses and public representations to the application;
- **Section 10** includes a summary of the matters in agreement;
- **Section 11** sets out the Grounds of Appeal and an interrogation of the reasons for refusal; and
- **Section 12** presents an overall conclusion.

1.2 A List of Documents is submitted with this Appeal.

2.0 OVERVIEW

INTRODUCTION

- 2.1 This Appeal Statement comprises the grounds for appeal on behalf of the owner of 2 Gayfield Place (“the Appellant”). It relates to an Appeal under Section 47 of the Town & Country Planning (Scotland) Act 1997 (as amended) (“the Planning Act”) against the decision of the City of Edinburgh Council (“CEC”) to refuse planning permission in respect of the proposed change of use from residential to short-term let (in retrospect) at 2 Gayfield Place Edinburgh.
- 2.2 The planning application was submitted and validated on 4 October 2022 with the following description of development: *“Change of use from residential to short-term let (in retrospect).”*
- 2.3 The planning application reference number is 22/04991/FULSTL. The application was submitted on behalf of the Appellant by Montagu Evans and was accompanied by the necessary application forms, location plan, floor plan, and Planning Statement in support of the proposals.
- 2.4 In line with requirements, neighbour notification was carried out by the City of Edinburgh Council and 35 properties in close proximity were notified. One comment was received on the application which objected to the proposal. The applicant was not provided with the details of the objection from the City of Edinburgh Council at the time of determination however we now comment on its content later in this Appeal Statement.
- 2.5 Due to the property being listed, Historic Environment Scotland (HES) were consulted on the application on 27 April 2023. HES considered the information received and did not have any comments to make on the proposals.

DETERMINATION BY CITY OF EDINBURGH COUNCIL

- 2.6 The planning application was refused by delegated powers on 4 July 2023.
- 2.7 The reasons for refusal as set out within the decision notice (Document ME 1.1) are as follows:-
- 1. The proposal is contrary to Local Development Plan Policy HOU7 in respect of inappropriate uses in residential areas, as the use of this dwelling as a short stay let will have a materially detrimental effect on the living conditions and amenity of nearby residents.*
 - 2. The proposal is contrary to National Planning Framework Policy 30(e) in respect of Local Amenity and Loss of Residential Accommodation as the use of the dwelling as a short stay let will result in an unacceptable impact on local amenity and the loss of a residential property has not been justified.*
- 2.8 In accordance with the Planning Act, the Appeal should be determined in accordance with the Development Plan unless material considerations indicate otherwise. The planning application documentation (Documents ME 2.1 – ME 2.10) fully assessed the proposal against the Development Plan and other material considerations, and we considered the application to be acceptable.
- 2.9 This Appeal Statement, in accordance with regulation 3(34) (d) of the Town and Country Planning (Appeals) (Scotland) Regulations 2013, will set out the full particulars of the Appeal, including all matters that the Appellant considers should be taken into account in the determination of the Appeal. The documents submitted with the planning application also form the supporting material to this Appeal.
- 2.10 This Appeal Statement constitutes the Appellant’s “grounds of appeal” however we also reserve the right to add to this statement on receipt of the Council’s statement or that of any third party.

3.0 THE PROPOSED DEVELOPMENT

- 3.1 The proposal is to change the use (in retrospect) of the property from a residential use to a short-term let providing visitor accommodation.
- 3.2 The City of Edinburgh Council have designated the whole of the city as a short-term let Control Area as per the provisions of the Town and Country Planning (Short-term Let Control Areas) (Scotland) Regulations 2021. As the application site is located within the Control Area, the application for planning permission was progressed to regularise the change of use.
- 3.3 The site has been operating as a short-term let since May 2019 (managed on the Appellant's behalf by Beautiful Holiday Homes). This appeal seeks to regularise planning matters to continue this operation.

4.0 APPEAL SITE AND SURROUNDINGS

- 4.1 The site is located at 2 Gayfield Place, Edinburgh, EH7 4AB.
- 4.2 The property is a self-contained ground floor flat that extends to approximately 153 sqm and has three bedrooms. The site has its own private entrance, with the main door to the flat accessed directly from the street. The property shares no communal access points or areas with any other residential dwellings in the building. The property is considered high end luxury accommodation and has been in operation as a short-term let by the applicant since 2019.
- 4.3 The layout of the property is indicated below by Figure 1:

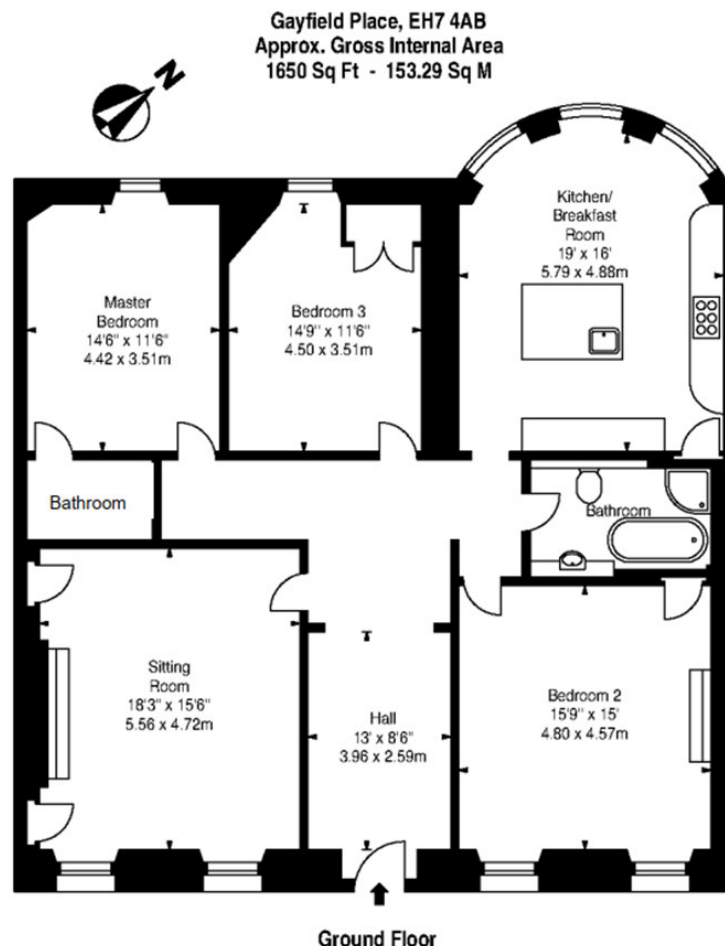


Figure 1 – Internal Layout of Application Site

- 4.4 The property is Category A listed by Historic Environment Scotland (reference LB28798) and is located within the New Town Conservation Area.

- 4.5 The property entrance opens onto Gayfield Place, at the top of Leith Walk. There are a mix of uses present in the area surrounding the site, including shops, bars, restaurants and cafes, as well as a number of hostels, hotels and short-term let apartments (including the Cairn Hotel, Hanover House, Edinburgh Central Youth Hostel and Annandale Executive Suites). The Elm Row interchange bus station is located immediately in front of the property. The Playhouse Theatre and Omni Centre are also located approximately 220 metres from the application site across the road.
- 4.6 Leith Walk is therefore a very busy area, particularly with pedestrian footfall from tourists, residents, and businesses. Forming part of an arterial route through Edinburgh, Gayfield Place enjoys numerous transport connections across the city, including bus, tram, cycle and walking routes. The site is highly accessible for visitors across Edinburgh.
- 4.7 The property is highlighted on the below Google Map extract which shows the range of uses within the immediate and wider area.

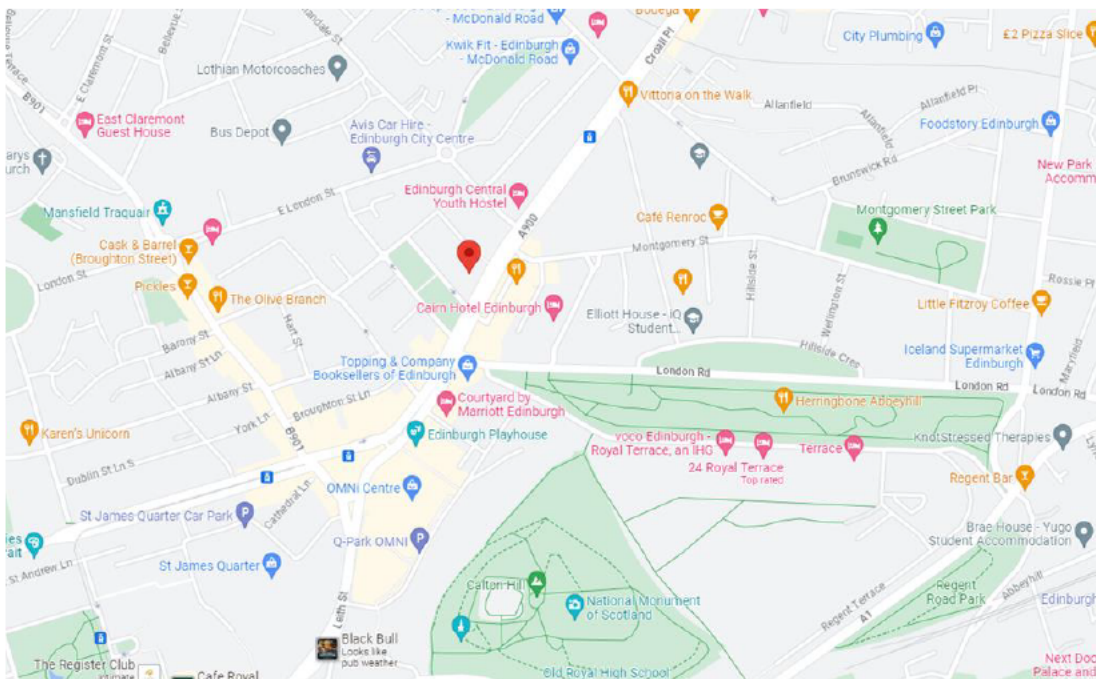


Figure 2 Google Map Extract 2023

MANAGEMENT OF THE PROPERTY

- 4.8 The Applicant has operated the property as a short term let since May 2019 and the property is managed on their behalf by Beautiful Holiday Homes ('BHH'). Through BHH the property is advertised on a number of online booking platforms, including BHH's own website, as noted in Table 1 below.
- 4.9 Table 1 also notes the range of guest reviews that the property has received on each platform.

Table 1 – Online Booking Platforms

Online Booking Platform	Ratings
<u>Beautiful Holiday Homes</u>	The property has received 21x 5-star reviews, and two 4-star reviews in total.
<u>AirBnB</u>	The property has an average rating of 4.93 stars based on a total of 86 reviews.

<u>Booking.com</u>	The property has a 'superb' rating, as well as a 9.1/10 rating based on a total of 12 reviews.
<u>Expedia</u>	The property has a 9.8/10 'Exceptional' rating overall, based on 25 reviews.
<u>Vrbo</u>	The property has a 4.9 'Wonderful' rating, based on a total of 26 reviews.
<u>Plum Guide</u>	n/a

- 4.10 As noted above the property has three double bedrooms and as such, is advertised on all of the above booking platforms as having the capacity to accommodate up to six guests. By virtue of its size, quality and proximity to the city centre, the property is marketed and priced to appeal to those seeking a more luxurious and 'upscale' self-catering experience in Edinburgh and on this basis, tends to attract more mature groups of couples or families.
- 4.11 The property is required to be booked for an average minimum period of four consecutive nights, which greatly reduces the turnover of guests visiting the property. On average the property is booked for five consecutive nights by guests, which tends to rise to seven consecutive nights in August (largely influenced by the Fringe Festival).
- 4.12 Party groups are not permitted at the property and all booking requests are vetted by BHH on behalf of the Appellant. The 'House Rules' for the property, which are listed as part of the description for the accommodation, clearly advise guests that parties and events are not permitted at the property, which could include "hen, stag or similar parties". Given the size of the property, it physically cannot accommodate the scale of groups typically associated with party groups.
- 4.13 The property is also clearly advertised as being located within the city centre of Edinburgh, with no access to private car parking. Any prospective guests are advised when booking that parking reservations are not possible and that public car parking may be available at any nearby third party parking facilities, where charges may be applicable. All of the above booking platforms note that the property has good accessibility to key city centre attractions and amenities on foot, by wheeling or by using public transport, which includes both the bus and tram. There are bus stops located directly adjacent to the entrance of the application site (Elm Row – Stops EA, EB ED) as well as the recently opened tram stop.
- 4.14 Since the property has been in operation as a short term let by the Appellant, under the management of BHH, there have been no issues or complaints received from any commercial or residential properties that neighbour the site.
- 4.15 The appellant regularly visits and stays at the property to ensure it is kept looking presentable and maintained to a high standard.

PLANNING HISTORY

- 4.16 There is a limited planning history for the application site. Following a review of the Council's online planning portal, the following applications have been identified, which relate to the alterations to the property as a residential dwelling:

- Listed building consent granted on 12 March 2012 for “*internal alterations, form new en-suite shower room*” (application reference 12/00032/LBC).
- Listed building consent and planning permission were refused for “new gate to street” on 30 December 2011 (application reference 11/03678/LBC) and 13 January 2012 (application reference 11/03678/FUL).
- The CEC confirmed that listed building consent was not required for “relocation of kitchen and bathroom” on 3 September 2004 (application reference 04/03244/LBC).

5.0 APPROPRIATE PROCEDURE

- 5.1 In terms of the Appeal procedure, the Appellant considers that a review of the information provided in this Appeal Statement together with the supporting documentation, will be sufficient to determine the Appeal considering the nature of the application.
- 5.2 We would encourage the Local Review Body to undertake a site inspection to fully understand the nature of the site and its mixed-use location. Arrangements for access to the property during any site visit should be coordinated through Montagu Evans as the Appellant's agent.
- 5.3 If further procedure is required, we would suggest restricting this to further written submissions on specific matters, however, fully acknowledge that this will be at the discretion of the Local Review Body.

6.0 THE NEED FOR THE PROPOSED DEVELOPMENT

- 6.1 There is huge ongoing demand for visitor accommodation, including short-term lets in Edinburgh.
- 6.2 Edinburgh is an international visitor destination and requires to respond to the ever increasing demand for tourist accommodation to meet visitor demand. This relates to not just the provision of accommodation, but also a mix of different types of accommodation to suit all visitor's needs.
- 6.3 In this instance, a short-term let property allows visitors to have full access to a number of bedrooms, bathrooms, cooking and washing facilities, leisure space and car parking. This offers a different proposition compared with a hotel or guest house whereby it is generally only a bedroom / bathroom that are provided. Tourist accommodation, such as short term lets, are appealing to families with young children, business users, and users who require more space to cater for themselves.
- 6.4 There is a local economic benefit in formalising the existing use which provides valuable tourist accommodation in close proximity to the city centre. In addition to this there would be income generated to the local business, as well as business generated for the letting agencies responsible for listing the property, further trade for cleaners and maintenance staff and additional spending by guests in the local area including at local restaurants, shops and cafes.
- 6.5 As one of the key employment sectors in Edinburgh, the Appellant is acutely aware of the importance of tourism to the city. The provision of accommodation, particularly during the summer and other holiday seasons, is vital to help sustain this economic driver, and as a responsible operator who deeply cares about the property, the neighbourhood, and the wider role they play in tourism across Edinburgh, it is submitted that the proposals are justified as a use supporting this industry.
- 6.6 In June 2018, the Association of Scotland's Self Caterers (ASSC) produced a report titled "Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland" (Document ME 3.8). The detailed research undertaken demonstrated that short-term letting:
- Is a major component of Scotland's growing tourism offering, making a substantial contribution to the tourist economy;
 - 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); and
 - Is not a driver of anti-social behaviour in Scotland as the number of recorded complaints are negligible in comparison to the number of self-catering units/properties let;
- 6.7 A further report, prepared by Biggar Economics on behalf of AirBnB for example (Document ME 3.9) also noted that stringent licensing (and planning) schemes could reduce Airbnb's economic impact by between £32 million and £133 million, which would cost between 1,740 and 7,190 jobs across Scotland.
- 6.8 The facts about short-term letting in Edinburgh specifically were set out by the ASSC in August 2022 (<https://www.assc.co.uk/legislation/the-facts-about-short-term-letting-in-edinburgh>). This noted:

“Self-catering is hugely important to Scottish tourism in terms of jobs, revenue, and world-class experiences offered to guests. To be such an essential part of Scotland’s tourism mix is even more remarkable for our sector, which generates £867m per year, when most self-caterers operate small or micro businesses. Our professional self-caterers are diligent and considerate business owners who are too often unfairly maligned. They do not, for example, ‘hollow out communities’, as some have claimed, but rather are part of local communities across Scotland and have been for many, many years”.

7.0 PLANNING POLICY CONTEXT

- 7.1 Section 25 of the Town and Country Planning (Scotland) Act 1997, as amended, requires all planning applications to be determined in accordance with the Development Plan for a site, unless material considerations indicate otherwise.
- 7.2 The Development Plan for the site is comprised of the National Planning Framework 4 (“NPF4”) which was approved by Scottish Ministers on 13 February 2023, and the Edinburgh Local Development Plan (“LDP”) which was adopted in November 2016.

NATIONAL PLANNING FRAMEWORK 4

- 7.3 National Planning Policy Framework 4 was adopted by Scottish Ministers on 13 February 2023 and forms part of the Development Plan. NPF4’s policies support the planning and delivery of Sustainable Places, Liveable Places and Productive Places and are the key policies against which proposals for developments are assessed.
- 7.4 NPF4 continues to encourage the planning system to stimulate investment and economic growth by providing certainty for investors, whilst also providing increased flexibility in policy terms to allow the planning system to respond more effectively to market opportunities as they emerge.
- 7.5 NPF4 seeks to support the recovery, growth and long-term resilience of the tourism sector, supporting the social and cultural benefits associated with tourism including job creation.
- 7.6 The following NPF4 policies are relevant to the appeal site, including the specific NPF4 policy reference on short term lets:
- NPF4 Policy 1 – Tackling the climate and nature crises, which states when considering all development proposals significant weight will be given to the global climate and nature crises.
 - NPF4 Policy 7 – Historic Assets and Places, which states that LDPs should support the sustainable management of the historic environment, and
 - NPF4 Policy 30 – Tourism (specifically Policy 30 (e)), which states:
 - e) Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:
 - i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or
 - ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.
- 7.7 Overall, the policy intent of Policy 30(e) is noted as being to encourage, promote and facilitate sustainable tourism development which benefit local people and inspire people to visit Scotland. It further states that LDPs should support the recovery, growth and long-term resilience of the tourism sector.

EDINBURGH LOCAL DEVELOPMENT PLAN

- 7.8 The Edinburgh LDP supports the city’s role as Scotland’s capital and recognises its importance as a key driver of the Scottish economy. A key aim of the LDP is supporting the growth of the city economy, which is based on a range of key sectors, including tourism.

7.9 At paragraph 108 the LDP recognises that Edinburgh’s city centre is “*the vibrant hub of the city region – it’s the regional shopping centre and an important tourist destination with a wide range of entertainment and cultural attractions. It has excellent public transport connections and provides employment for over 80,000 people. Edinburgh city centre’s stunning setting and iconic architecture is celebrated internationally*”.

7.10 The LDP continues at paragraph 190 that the Plan “*aims to ensure that development in the city centre achieves the right balance between a number of competing priorities*”.

7.11 The application site is located approximately 195 metres north east of the boundary of the designated City Centre of Edinburgh as per the LDP Proposals Map. Within the context of the Proposals Map, the site is subject to the following policy designations:

- Old and New Towns World Heritage Site;
- New Town Conservation Area;
- Historic Garden Designed Landscape - Inventory Site: New Town Gardens and Dean; and
- Urban Area.

7.12 An extract of the LDP Proposals Map is copied below at Figure 3, with the site indicated.

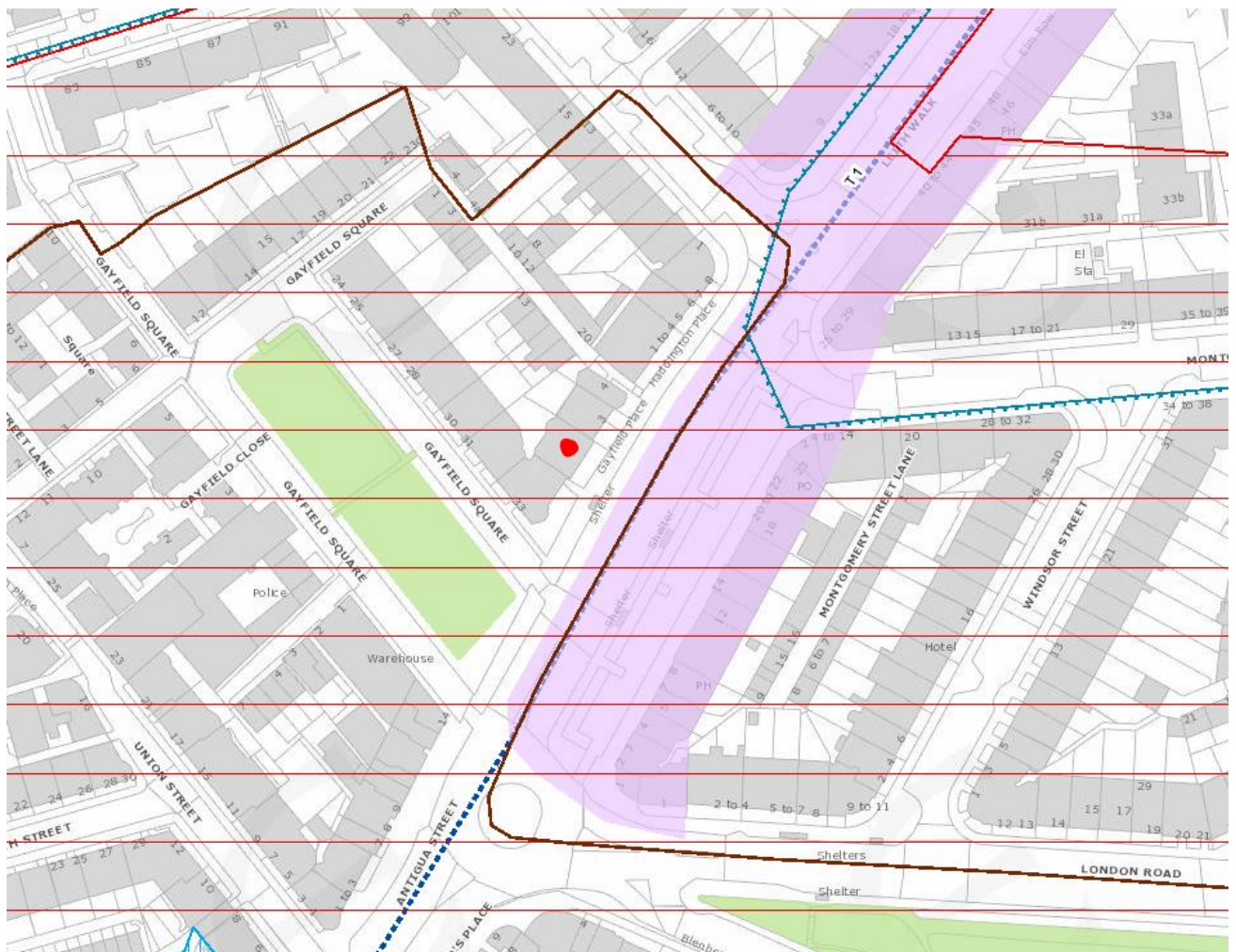


Figure 3 – Extract of LDP Proposals Map

- 7.13 The key planning policy from the LDP against which proposals for the change of use of residential properties to short-term let's will be assessed is Policy Hou 7 Inappropriate Uses in Residential Areas.
- 7.14 Policy Hou 7 states that *“developments, including changes of use, which would have a materially detrimental effect on the living conditions of nearby residents, will not be permitted”*.
- 7.15 The supporting text for Policy Hou 7 states that the intention of the policy is to preclude the introduction or intensification of non-residential uses incompatible with predominantly residential areas and to prevent any further deterioration in living conditions in more mixed-use areas, which nevertheless have important residential functions.
- 7.16 Policy Env 1 World Heritage Sites states that *“development which would harm the qualities which justified the inscription of the Old and New Towns of Edinburgh and/or the Forth Bridge as World Heritage Sites or would have a detrimental impact on a Site’s setting will not be permitted”*.
- 7.17 Policy Env 4 relates to Listed Buildings – Alterations and Extensions and states that *“proposals to alter or extend a listed building will be permitted where:*
- a. Those alterations or extensions are justified;*
 - b. There will be no unnecessary damage to historic structures or diminution of its interest; and*
 - c. Where any additions are in keeping with other parts of the building”*.
- 7.18 Policy Env 6 Conservation Areas – Development states that *“development within the conservation area of affect its setting will be permitted which:*
- a. Preserves or enhances the special character or appearance of the conservation area and is consistent with the relevant conservation area character appraisal;*
 - b. Preserves trees, hedges, boundary walls, railings, paving and other features which contribute positively to the character of the area; and*
 - c. Demonstrates high standards of design and utilises materials appropriate the historic environment”*.
- 7.19 Policy Tra 2 Private Car Parking states that *“planning permission will be granted for development where proposed car parking provision complies with and does not exceed the parking levels set out in Council guidance.”* Lower provision will be pursued subject to consideration of a number of factors.
- 7.20 Policy Tra 3 Private Cycle Parking states that *“planning permission will be granted for development where proposed cycle parking and storage provision complies with the standards set out in Council guidance.”*

THE HISTORIC ENVIRONMENT

- 7.21 Due to the proposals relating to a listed building, the proposals require to be assessed in terms of Section 59 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997.
- 7.22 Section 59 (1) states that *“in considering whether to grant planning permission for development which affects a listed building or its setting, a planning authority or the Secretary of State, as the case may be, shall have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses.”*

7.23 Section 64(1) states that "*with respect to any buildings or other land in a conservation area, of any powers under any of the provisions in subsection (2), special attention shall be paid to the desirability of preserving or enhancing the character or appearance of that area.*"

8.0 MATERIAL CONSIDERATIONS

GUIDANCE FOR BUSINESSES

- 8.1 The Guidance for Businesses (“the Guidance”) was most recently updated by the CEC in November 2021. In relation to short-term lets the Guidance states that in deciding whether planning permission will be required to change the use of a property into a short-term let, regard will be had to:
- The character of the new use and of the wider area;
 - The size of the property;
 - The pattern of activity associated with the use including numbers of occupants, the period of use, issues of noise, disturbance and parking demand; and
 - The nature and character of any services provided.
- 8.2 The Guidance states that proposals for a change of use will be assessed in terms of their likely impact on neighbouring residential properties. Factors which will be considered include background noise in the area and proximity to nearby residents. In the case of short stay commercial leisure apartments, the Guidance states that *“the Council will not normally grant planning permission in respect of flatted properties where the potential adverse impact on residential amenity is greatest.”*
- 8.3 The Guidance also states that the *“change of use in flatted properties will generally only be acceptable where there is a private access from the street, except in the case of Houses in Multiple Occupation”*.

LISTED BUILDING AND CONSERVATION AREA GUIDANCE

- 8.4 The non-statutory Listed Building and Conservation Area Guidance was most recently updated by the CEC in October 2022.
- 8.5 The Guidance is for anyone considering work to a property within a conservation area or to a listed building, and provides information on repairing, altering or extending listed buildings and unlisted buildings in conservation areas.

PROPOSED CITY PLAN 2030

- 8.6 The Proposed City Plan 2030 was published for a period of public consultation between November and December 2021, and is now currently at Examination.
- 8.7 Policy Env 33 relates to Amenity and states that *“development will be supported by this policy where it is demonstrated that the amenity of future occupiers of the development and occupiers of neighbouring developments are not adversely affected by ensuring acceptable levels of amenity, particularly in relation to odour, space standards, noise, daylight, sunlight, privacy or immediate outlook”*.
- 8.8 Policy Hou 7 Loss of Housing states that *“proposals which would result in the loss of residential dwellings through demolition or a change of use will not be permitted, unless in exceptional circumstances, where it would provide necessary community facilities without loss of amenity for neighbouring residents”*.
- 8.9 The supporting text for proposed Policy Hou 7 states that *“the retention of existing dwellings is important as a means of meeting housing need. Over the last decade, Edinburgh has witnessed a significant increase in the use of residential properties for short-term lets, reducing the number of homes available. In some areas this has*

resulted in the dilution of the residential population. Over and above that, any change of use of residential properties to commercial uses can have a detrimental impact on the amenity of residents, particularly where there is a high density of people occupying one building with communal areas. For these reasons, the change of use of a residential unit will only be permissible in exceptional circumstances, such as where the change of use would provide necessary community facilities.”

- 8.10 Policy Hou 8 Inappropriate Uses in Residential Areas states that “developments, including changes of use which would have a materially detrimental effect on the living conditions of nearby residents, will not be permitted”.
- 8.11 The supporting text for the policy states that “the intention of the policy is to preclude the introduction or intensification of non-residential uses incompatible with predominantly residential areas and prevent any deterioration in living conditions in more mixed-use areas, which nevertheless have important residential functions”.
- 8.12 The Officer’s Report of Handling states that “City Plan 2030 represents the settled will of the Council, and it has been submitted to Scottish Ministers for examination. As such, limited weight can be attached to it as a material consideration in the determination of this application.”

PLANNING APPLICATIONS

- 8.13 Of material consideration to the submitted application for planning permission is how the CEC have determined similar proposals for the change of use of main door residential dwellings to short term lets to date (current as of planning application submission). Table 2 outlines a number of applications for planning permission which have been granted by the CEC, the LRB and/or DPEA.
- 8.14 Although it is appreciated that each application will ultimately be determined on its individual merits, as evident in Table 2, the applications for planning permission that have been granted by the CEC previously all have the following in common:
 - The properties have their own private entrances with no communal or shared spaces with other residential properties.
 - The properties are all located in areas of the city where although there may be concentrations of residential use, they are all ultimately in areas with a busy, mixed-use nature and are located in proximity to commercial uses.
 - The capacity of the properties and the total number of guests that the short term lets could accommodate were considered to be at a level that would not have an adverse impact on the amenity of neighbouring residential properties.

Table 2 – Applications Granted Planning Permission

Application Reference	Reasons for Approval
22/03161/FUL "Change of use from house to short stay commercial visitor accommodation." At	Initially refused planning permission on 30 August 2022, however appeal at Local Review Board (LRB) allowed and permission granted 28 March 2023 for the following reasons: <ul style="list-style-type: none"> • The application site is a four-storey townhouse on an end terrace plot at 18 Spring Gardens, Abbeyhill. The property has its own main front door,

<p>18 Spring Gardens Edinburgh EH8 8HX</p>	<p>private back garden and integral garage. There is a shared courtyard to the front of the property.</p> <ul style="list-style-type: none"> • The applicant intended to reside in the property, approximately 5 days to 2 weeks a month. • The owners were planning to retire to this house and this case was unique to the owners of this house. • The applicant highlights that the letters of support from surrounding houses should be viewed as evidence that there is no nuisance caused by the proposal. • The application was granted as there would be no loss of residential accommodation or negative impact on amenity, which would be contrary to LDP Policy Hou 7 or NPF4 Policy 30. • The application was granted in the condition that the consent should be personal to the applicant, and lapse after three years.
<p>22/01415/FUL</p> <p><i>“Change of use of residential mews building to short term let (in retrospect)” at 1 Salisbury Mews, EH9 1QL</i></p>	<p>Granted planning permission on 4 August 2022 for the following reasons:</p> <ul style="list-style-type: none"> • The property had its own access, directly from the kerbside and no private outdoor amenity space. • Any outside noise conflicts were considered to be from the main thoroughfare of Newington Road and given the location of the property near a busy, key city route, consisting of mixed uses including commercial, entertainment and leisure uses, there would already be a degree of background activity and ambient noise levels. • As a two-bedroom property, which could accommodate four people, the potential for disturbance to neighbours was considered to be low.
<p>22/01239/FUL</p> <p><i>“Change of Use from residential to short-term let (Sui Generis) (in retrospect)” at 46 Cumberland Street, EH3 6RG</i></p>	<p>Granted planning permission on 6 July 2022 for the following reasons:</p> <ul style="list-style-type: none"> • The property was a main door ground floor flat. Although considered to be in a predominantly residential area the property had its own access. • Any outside noise conflicts were considered to be from the road outside to the front of the property, which has two key thoroughfares at either end. • As a two-bedroom property suitable for four people the likelihood of disturbance to neighbours was considered to be low.
<p>21/06615/FUL</p> <p><i>“Change of use of residential apartment to short-term let visitor accommodation” at 10A Blenheim Place, EH7 5JH</i></p>	<p>Granted planning permission on 13 March 2022 for the following reasons:</p> <ul style="list-style-type: none"> • The property had its own access. • Any outside noise conflicts were considered to be from the road outside to the front or from the roads and parking areas to the rear of the building. Due to the location of the property, which is near two main thoroughfares and is in an area of mixed uses, including commercial, entertainment and leisure uses, the area was already to be considered to be one where the is “a degree of activity”. • As two bedroom property suitable for four persons the likelihood of disturbance to neighbours was considered to be low.

<p>21/03508/FUL / PPA-230-2358</p> <p><i>"Change Of Use Dwelling To Commercial Short Term Holiday Let"</i> at 7A Jamaica Street South Lane , Edinburgh , EH3 6HG</p>	<p>Initially refused planning permission on 29 September 2021, however appealed allowed and permission granted 26 January 2022 for the following reasons:</p> <ul style="list-style-type: none"> • The property has its own front door. • Although located on a mainly residential street, the entrance to the lane leading to the appeal property is located at the transition point between a (mostly) commercial area and a residential area, and the Reporter would not therefore expect any noticeable increase in disturbance to the residents of Jamaica Street South Lane as a whole. • Due to the transitional commercial character of the location (in particular the close proximity of a public house), the existing levels of background noise in the area are likely to be quite high. • The access lane is paved with setts. The Reporter believes that the potential noise disturbance from wheeled suitcases on this surface would cause only a brief and occasional disturbance. • There does not appear to have been a history of numerous complaints over the years this use has been operating. • Only two rooms of the property receive natural (north-facing) light, making it somewhat less suitable as a permanent home than typical Edinburgh flats. • No changes are proposed to the external appearance or physical fabric of the building, it is considered that heritage designations would be unaffected.
<p>21/03890/FUL</p> <p><i>"Change of use to short term letting"</i> at 13 Dewar Place Lane, EH3 8EF</p>	<p>Granted planning permission 1 November 2021 for the following reasons:</p> <ul style="list-style-type: none"> • The area surrounding the application site was considered to have a mixed character where residential use does not predominate. This position was confirmed in an appeal decision at 4/4A Dewar Place Lane. • The property had its own access. • In the appeal decision for 4/4A Dewar Place Lane the Reporter considered that any resident already lives in an area subject to a considerable degree of transient activity associated with the comings and goings of visitors to the city, and other activity. This observation is material to the determination of the current application. It was considered that the conversion of the application site to a short term let would not have a further impact on residential amenity in terms of external noise.
<p>21/02664/FUL</p> <p><i>"Change of use of Drylaw House to short-term let visitor accommodation (Sui Generis)"</i> at Drylaw House, 32 Groathill Road North, EH4 2SL</p>	<p>Granted planning permission on 10 September 2021 for the following reasons:</p> <ul style="list-style-type: none"> • The detached property had large garden grounds and its own private access. • Environmental Protection were consulted on the application, stating that they had no objections to the proposal and that <i>"short term letting noise issues regularly comes down to how well the premises are being managed. The Applicant has advised that they would maintain a guest handbook containing robust terms and conditions, with all potential guests being vetted, and large deposits taken. They also have CCTV in the grounds to monitor for any antisocial behaviour"</i>. • Planning permission had recently been granted for the change of use of the property to a hotel, which would permit people to arrive and stay at the

	<p>premises for a short period of time on a regular basis throughout the year in a manner dissimilar to that of permanent residents.</p>
<p>21/02615/FUL</p> <p><i>“Change of use from a residential property to short term commercial visitor accommodation”</i> at 41 Barony Street, EH3 6NX</p>	<p>Granted planning permission on 11 August 2021 for the following reasons:</p> <ul style="list-style-type: none"> • The property is self-contained, with its own private access at the front. • Although located on a mainly residential street, the property was next to a small concentration of commercial and business uses at Broughton Market and local residents would be used to some degree of noise and disturbance. • As a two-bedroom flat the application property could accommodate four people, which the CEC considered would limit potential for large groups to gather, reducing the likelihood of any anti-social behaviour arising which could disrupt neighbours.

9.0 THE APPLICATION

9.1 The nature and extent of the Proposed Development is such that it is a Local Development proposal in the context of the Town & Country Planning (Hierarchy of Development) (Scotland) Regulations 2009.

STATUTORY CONSULTEES

9.2 Historic Environment Scotland were consulted during the determination of the application. Having considered the information received, HES did not have any objections to the application nor did they have any comments to make on the proposals.

9.3 We are not aware of any other comments having been received from statutory consultees.

PUBLIC REPRESENTATIONS

9.4 The proposals were advertised with the last date for public comments on 18 October 2022. A total of 35 properties were notified by CEC, of which one responded with an objection to the proposal.

9.5 A copy of the objection was uploaded to the CEC planning portal on 30 October 2022.

9.6 The objector considered that the proposal would be detrimental to the local community, citing that there are multiple short-term lets in the area which have led to unacceptable levels of noise at night. Further to this, the objector believes that the proposal would contribute to the already existing housing crisis in Edinburgh, with many locals struggling to find affordable housing.

9.7 We discuss this public comment later in this Appeal Statement.

10.0 AREAS OF AGREEMENT

LISTED BUILDINGS AND CONSERVATION AREA

- 10.1 Due to the proposals relating to a listed building, the proposals require to be assessed in terms of Section 59 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997.
- 10.2 Section 59 (1) states that "*in considering whether to grant planning permission for development which affects a listed building or its setting, a planning authority or the Secretary of State, as the case may be, shall have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses.*"
- 10.3 As stated within the previous Planning Statement, there are no external or internal alterations proposed. As such, the proposal will not have an adverse impact on or cause any harm to the listed building. The setting of the listed building and the setting of neighbouring listed buildings will be unaffected by the proposal.
- 10.4 Section 64(1) states that "*with respect to any buildings or other land in a conservation area, of any powers under any of the provisions in subsection (2), special attention shall be paid to the desirability of preserving or enhancing the character or appearance of that area.*"
- 10.5 Although the appeal site is located within the New Town Conservation Area, as noted above, there are no external alterations proposed. It therefore submitted that a change of use would preserve, and not harm, the appearance of the New Town Conservation Area. The change of use of the site from a three-bed flat, albeit in retrospect, to a short-term holiday let will not have any material impact on the appearance of the Conservation Area. The character of the area surrounding the application site is one of mixed use and as the property has been operating as a short-term let since 2019 it is submitted that the development currently contributes to the character of the area.
- 10.6 Within the Officer's Report of Handling (Document ME 1.2), the City of Edinburgh Council considered that the proposal complies with Section 59 and 64 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997 as it will not harm the listed building or its setting and it will preserve or enhance the character or appearance of the conservation area.
- 10.7 We consider that listed building and conservation area issues are therefore an agreed matter.

PARKING STANDARDS

- 10.8 The Officer's Report of Handling agrees that the proposals are in compliance with relevant transport policies Tra 2 and Tra 3.
- 10.9 The Officer's Report of Handling notes that zero parking is acceptable as there are no parking requirements for STLs and that cycles could be parked inside the property.
- 10.10 We consider that transport and parking are therefore an agreed matter.

11.0 GROUNDS OF APPEAL

11.1 The City of Edinburgh Council refused the planning application with delegated powers on 4 July 2023.

11.2 The decision notice stated two reasons for refusal:

1. *The proposal is contrary to Local Development Plan Policy Hou 7 in respect of Inappropriate Uses in Residential Areas, as the use of this dwelling as a short stay let will have a materially detrimental effect on the living conditions and amenity of nearby residents.*
2. *The proposal is contrary to National Planning Framework Policy 30(e) in respect of Local Amenity and Loss of Residential Accommodation, as the use of this dwelling as a short stay let will result in an unacceptable impact on local amenity and the loss of a residential property has not been justified.*

11.3 This section considers the Appellant's detailed case in response to these main areas of dispute.

1. *The proposal is contrary to Local Development Plan Policy HOU7 in respect of inappropriate uses in residential areas, as the use of this dwelling as a short stay let will have a materially detrimental effect on the living conditions and amenity of nearby residents.*

11.4 For completeness LDP Policy Hou 7 states:

"Developments, including changes of use, which would have a materially detrimental effect on the living conditions of nearby residents, will not be permitted".

11.5 The supporting text for Policy Hou 7 states that the intention of the policy is to preclude the introduction or intensification of non-residential uses incompatible with predominantly residential areas and to prevent any further deterioration in living conditions in more mixed-use areas, which nevertheless have important residential functions.

11.6 As stated in Section 4 Appeal Site and Surroundings, the site is located within an area that is known for its tourist attractions and vibrant food and drink scene. As such, the area continually attracts tourists visiting and using these facilities.

11.7 The site is located along Leith Walk, which again, makes it a popular destination for those using the walkway for retail, leisure or travel routes. This is reflected by the range of uses in close proximity to the site.

11.8 As such, it is submitted that whilst the area provides some residential accommodation, Gayfield Place, and Leith Walk is an area where people visit and gather for tourist, leisure, business and active travel purposes. It is not an area that is solely used for residential purposes, and the character of the area will not be detrimentally harmed if a short-term let is located in the vicinity.

11.9 The Council's Report of Handling states that *"the use of the property as an STL would allow visitors to come and go from the premises for inconsistent periods of time on a regular basis throughout the year in a manner dissimilar to that of a permanent resident."* It continues that *"a transient visitor may also have less regard for neighbours' amenity than individuals using the property as a principal home."*

11.10 There is no evidence to suggest that the users of the STL would 'come and go' any more frequently than existing residents into their own properties. There is also no evidence to suggest that guests would have less regard for neighbour amenity than individuals using the property as a principal home. The Appellant has a management plan which requests that guests are respectful to the amenity of nearby residents and has stated in previous sections of this document, the Appellant has not received any complaints since beginning the operation in 2019.

11.11 The Council's Report of Handling argues that *“the proposed use would increase the ambient background noise levels beyond what residents would reasonably expect within the immediate area. The increase in frequency of movement to the flat at unpredictable hours would have a detrimental impact on the amenity of the immediate neighbours and adjacent properties.”*

11.12 The Council do not make it clear what the ambient background noise levels residents can reasonably expect within the immediate area, nor is there evidence pointing towards the fact that there has been any noise disturbances at any point in the operation of the STL on the site since 2019.

11.13 Overall, the following is submitted in response to the Officer's concerns and justification that the use of the property as a short-term let will not detrimentally affect the living conditions of nearby residents:

- a. The location of the property is in a mixed-use area actively marketed for commercial, entertainment and leisure use, therefore it is not solely a residential area. The property is also located immediately adjacent to a major interchange bus stop with drivers and passengers congregating in this area through day and night. The residents that currently live on Gayfield Place will be used to the transient nature of the location every day.
- b. The location of the property is an area which attracts a number of visitors for tourism, leisure, business and as an active travel route, therefore there is already activity within the area that is not just residential.
- c. The property is accessed by a private front entrance and does not share an entrance with any other property;
- d. The property is well managed by the Appellant, who has not received any complaints. As evidenced by the planning application, the use is not affecting any neighbouring residents. There was only one objection received to the application which was from a resident who is not an immediate neighbour to the property. If there had been any issues, we would have expected numerous property specific objections.
- e. The property does not allow party groups and is positioned to cater for the luxury high-end market.
- f. The property is serviced by domestic cleaners, which is not dissimilar to a private cleaner being hired to clean a private residential property once or twice per week.
- g. Guests staying at the property do not have access to any garden area.

2. The proposal is contrary to National Planning Framework Policy 30(e) in respect of Local Amenity and Loss of Residential Accommodation as the use of the dwelling as a short stay let will result in an unacceptable impact on local amenity and the loss of a residential property has not been justified.

11.14 NPF4 Policy 30 seeks to encourage, promote and facilitate sustainable tourism development which benefits local people and inspires people to visit Scotland.

11.15 Specifically Policy 30(e) states:

e) Development proposals for the reuse of existing buildings for short-term holiday letting will not be supported where the proposal will result in:

- i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or*
- ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.*

11.16 It is submitted that the impact upon local amenity is set out above when addressing the first reason for refusal.

11.17 The second part of this reason for refusal relates to the loss of residential accommodation and where this loss has not been justified against demonstrable local economic benefit.

11.18 The property has been operating as a short-term let since 2019 by the Applicant, however, there remains the opportunity to revert back to residential use in the future. There is therefore no demonstrable or permanent loss to residential accommodation.

11.19 The Officer's Report of Handling states that where there is a loss of residential property (which the Council considers there is), this will only be supported where the economic benefits of the proposals are outweighed by demonstrable local economic benefits.

11.20 During determination of the application, the Council requested further information be provided on NPF4 (Document ME 2.6). We provided a response to this request stating that the loss of a single unit would not be considered a significant loss of residential accommodation and that the proposal, the subject of this appeal, supported the local economy with guests supporting local businesses and creating business through associated servicing and maintenance fees.

11.21 The Officer's Report of Handling suggests that *"the proposal would result in the loss of residential accommodation. As there is a recognised need and demand for housing in Edinburgh, it is important to retain the existing supply where appropriate."*

11.22 Whilst we can appreciate the ongoing need and demand for housing in Edinburgh, this is a wider scale issue that requires to be addressed by the local authority and incorporates a number of other related issues. The use of a single residential property as a STL is not considered to have a significant impact.

11.23 There is positive policy support in both the LDP and NPF4 for tourism and the economic benefits this brings to the City. It is acknowledged within this planning policy that tourism is the biggest source of employment in Edinburgh, providing jobs for over 31,000 people. It is agreed by the City of Edinburgh Council that the use of the property by guests and the required maintenance and upkeep of the STL will result in a level of job creation and spend within the economy which can be classed as having an economic benefit.

11.24 It should also be noted that the type of accommodation being provided by a STL differs from the standard offer of accommodation from a hotel or a guest house. An STL offers flexibility to its users, that hotels and guest houses cannot provide. The importance of Edinburgh being able to provide this type of offer is an important factor for those residents choosing where to stay in a City. If Edinburgh cannot offer this type of affordable and flexible accommodation, users will simply not be attracted, and choose alternative destinations to visit. This is a very important economic consideration.

11.25 The City of Edinburgh Council have commissioned a study on the Economic Impact of Residential and Short-term let properties in Edinburgh. This study was reported to the Council's Planning Committee on 14 June 2023 (Document ME 4.1).

11.26 MKA Economics Ltd were appointed by the Planning Service to conduct an independent assessment of the economic impact of various types of property in Edinburgh if being used for residential purposes and provide a comparison if being used for short-term let purposes. The report concluded that there are positive economic impacts from the use of properties for both residential and short-term let use.

Figure 1.8: Economic Impact of Residential and Short Term Let Properties

Edinburgh Average - Residential				Edinburgh Average - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.19	7,516	7,301	1 bed	0.23	4,714	12,419
2 bed	0.31	12,559	16,267	2 bed	0.43	8,764	21,991
3 bed	0.49	19,699	22,065	3 bed	0.60	12,288	30,467
4 bed	0.62	25,117	32,040	4 bed	0.75	15,293	37,878
5 bed	0.77	31,212	42,355	5 bed	1.03	21,018	51,650

Edinburgh Central - Residential				Edinburgh Central - Short Term Let			
Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation	Unit Size	Net Local FTE Jobs	Net Annual Local GVA Impact	Gross Annual National and Local Taxation
1 bed	0.20	£ 8,212	£ 8,088	1 bed	0.29	£ 5,990	£ 15,542
2 bed	0.33	£ 13,208	£ 16,937	2 bed	0.55	£ 11,137	£ 27,840
3 bed	0.51	£ 20,706	£ 22,780	3 bed	0.77	£ 15,775	£ 38,970
4 bed	0.66	£ 26,417	£ 33,174	4 bed	1.05	£ 21,470	£ 52,548
5 bed	0.82	£ 32,841	£ 43,142	5 bed	1.10	£ 22,412	£ 55,537

11.27 Figure 1.8 is taken directly from the MKA report and provides a comparison of the economic impact between residential properties and short-term lets for all of Edinburgh, and for the Central area to which the property is located. It is noted that the Net Annual Local GVA impact is more for a residential property, than for a short-term let. However, it is also noted that the Gross Annual National and Local Taxation is higher for a short-term let than for a residential property. Net local FTE jobs are also higher for a short-term let property, compared with a residential use.

11.28 It is considered that the conclusions in the report do not provide a demonstrable local economic benefit if the property is operated as a residential property or as a short-term let. There appears to be economic benefits to both types of uses. On that basis, it is submitted that, to date, it has not been demonstrated whether there is a demonstrable economic benefit to either use. It has been proven that there is an economic benefit to short-term lets, within the MKA report, and as such, it is submitted that the loss of residential can be justified on that basis.

11.29 With regard to the comment received in objection to the refused application, the Objector noted that "*...the proposed change would be detrimental to the local community.*" It is argued that the continued operation of the STL, which has seamlessly operated as such since 2019, will not be detrimental to the local community. Indeed, as noted above there have been no complaints or objections to its continued operation over the years.

11.30 The Objector adds that the change of use to STL will "*...contribute to the already existing housing crisis*"... and that "*...a lot of tourist lets lie empty for extended periods in the year whilst many locals struggle to find affordable housing.*" It is highlighted that, notwithstanding the shortage of affordable housing in Edinburgh, the property at 2 Gayfield Place is a luxury apartment in a highly desirable location in Edinburgh, and that regardless of the outcome of this appeal, the property would likely not be considered as affordable housing in Edinburgh, and as such not therefore easing any affordable housing crisis.

11.31 Overall, whilst the Appellant respects the views of the Objector, it is submitted that the STL use has not had a detrimental impact on the local community previously, nor will it in the future.

- 11.32 The Appellant would also like to highlight that the STL is an important source of finance, and that the loss of this use would have serious economic implications for them. The Appellant has outlined that they would have to review their position of the ownership of 2 Gayfield Place should the STL be discontinued.
- 11.33 Without the revenue provided for operating as a short-term let, the property could be at risk of falling into disrepair in future, with limited investment available to spend on it. Given the importance of the location of the property on one of Edinburgh's most prominent arterial routes, and as a listed building within a conservation area, the upkeep and maintenance of this property should also be an important consideration in this Appeal.
- 11.34 It is submitted therefore, that there is economic justification for the use of the property as a short-term let, and that these outweigh the Council's considered loss of residential development.

12.0 CONCLUSIONS

- 12.1 Overall, it is submitted that the proposals comply with all relevant Development Plan policies as considered in detail above. The proposals should be granted planning permission as there are no material considerations which would indicate otherwise.
- 12.2 The proposals are located in an area that is actively marketed as a mixed-use destination for business and leisure users and it is on an active travel link. The location is not purely residential, and the mix of uses in the area create a vibrant, busy area for both the local community and visitors to the City.
- 12.3 The property is well managed by the Appellant and does not directly impact upon the living conditions and amenity of nearby residents. It is accessed by a private front entrance, has no access to any shared garden, no party groups are allowed and the Appellant takes great care in the appearance and upkeep of their property. As evidenced by the planning application and the lack of any objections from immediate neighbours, it is considered that there have been no issues in the running of the property as a STL. As such, it is submitted that the proposal will not be detrimental to the living conditions and amenity of nearby residents.
- 12.4 Tourism is an important economic contributor to the City. STLs offer the ability to provide affordable and flexible accommodation and allow an element of choice for visitors and families who require facilities which cannot be met via normal hotels. It is noted that there are economic benefits for short-term lets within the City as evidenced in our discussion around the number of reports commented on within this statement. As such, it is submitted that the proposals do provide an economic benefit that can justify the perceived loss of a single residential property. In any event, the property can easily revert back to residential use in the future. Markets inevitably fluctuate and therefore an element of flexibility and to take account of current and personal circumstances is required.
- 12.5 The proposals are presented as a positive contribution to the city, and an important strategic investment by the Appellant to meet future needs and represents their sole source of income. A positive consideration of the proposals through this Local Review Body appeal process is encouraged.

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WE CONSIDER OUR CREDENTIALS, HOW WE HAVE STRUCTURED OUR BID AND OUR PROPOSED CHARGING RATES TO BE COMMERCIALY SENSITIVE INFORMATION.
WE REQUEST THAT THESE BE TREATED AS CONFIDENTIAL.