Airbnb responds to the Scottish Government's licensing and planning proposals - September 2020

Following the launch of the Scottish Government's consultation into new planning and licensing restrictions for short-term lets, we would like to take this opportunity to share some key concerns about the likely economic, social and local impact of these plans.

The Airbnb platform has helped millions of hospitality entrepreneurs monetise their spaces and their passions while keeping the financial benefits of tourism in their own communities. It is often the preferred choice of travellers who are looking for more affordable and flexible accommodation options, and can unlock new opportunities for travel for everyone.

The Airbnb platform is a vital part of Scotland's tourism economy

Almost 2.5 million visitors travelled to Scotland using Airbnb last year, generating approximately **£700 million of economic activity across the country.** With up to 97 pence of each pound spent on the platform being paid directly to hosts, Airbnb boosts the incomes of Scotland's residents, whilst helping pubs, restaurants and local businesses reach new consumers. Visitors spend an average of £100 per day in local communities, and spent £162 million in Scottish restaurants and cafes in 2018.

We [support balanced and transparent regulation of Scotland's short-term letting sector](), and have consistently provided evidence-based policy solutions to the Scottish Government since we began regulatory [discussions in 2017.]() The path set out in the Scottish Government's consultation; however, will lead to unnecessary red tape, **penalising everyday families and non-professional hosts that are looking to make ends meet by hosting responsibly and respectfully.** Beyond the impact on the Airbnb community, the proposals amount to a significant blow to Scotland's tourism and hospitality industry at a time when many such business owners are hanging on to their livelihoods by a thread.

No mention of COVID-19 and its impact on the Scottish economy for years to come

Since these proposals were suggested by the Scottish Government in January 2020, the way people live, work and travel has completely changed. COVID-19 has significantly damaged the Scottish tourism industry and the greater economy, and it is now clear it will continue to do so for the foreseeable future.

Airbnb has significant concerns that the Government's consultation document - which will impact millions of guests, thousands of hosts and countless nearby businesses - makes zero mention of the global pandemic and its impact. Furthermore, the process only allows struggling businesses and individuals four weeks to meaningfully engage with the process, at a time when they face countless personal and professional challenges.

One of the most regressive short-term lets regulatory regimes in the world

At a time of huge economic uncertainty, these proposals will mean less income for individuals and local businesses, and higher prices for the tourists and visitors, from which Scotland has benefited from in the past, and will rely on in future.

Under these proposals, **Scotland would have one of the most regressive regulatory regimes for short-term lets worldwide**. The proposed system is complex, clunky and costly, falling short of addressing the strategic priorities set out by the Government around key concerns, including affordable housing shortages. Instead, over-reaching proposals mean a host letting their spare bedroom for just one day a year faces a more stringent licensing system than any faced by a landlord in the long-term rental market who has tenants all year round, defying any sense of proportionality.

Introducing restrictive regulation will not incentivise individuals to put their property on the long-term rental market. The vast majority (84 percent) of host accounts in Scotland have one listing on the platform[1], and a typical listing is booked for 49 nights of the year. Over half (51 percent) of surveyed hosts in Scotland said they would no longer advertise their space on Airbnb, and would not put it on the long-term rental market, if a licensing system of this nature were introduced[2].

We must remember that only a small minority of people cause problems. The focus should be on holding them accountable, while allowing everyone else to benefit from Scotland's vibrant tourism economy. As such, **the Scottish Government's proposals will be a major, and lasting, barrier to the recovery of the tourism sector.**

Finding a better way forward, together

Bad licensing systems shut out ordinary people that want, and often need to, supplement their income. The result will be an exclusively professional industry, which was never the stated objective of government policy. Indeed, the conclusion of the Scottish Government's own report on the potential of the so-called "sharing economy" highlighted the potential benefits of a more inclusive tourism industry. Scotland needs a system that is clear, simple, inclusive, easy to follow and empowers regular people. To achieve this, we ask the Scottish Government to consider the following:

- **Protect ordinary Scots** - we recommended a tiered approach to licensing, with the lightest possible obligations for occasional, non-professional hosts, and potentially stricter obligations for commercial and professional operators. As things stand, some of the proposals, such as requiring hosts tear up their wooden floors and replace them with vinyl, or to wait months for licensing approval, are not proportionate.

- **Publish a Business and Regulatory impact Assessment (BRIA) of the proposals -** we need to be absolutely clear about the cost of implementing this system for hosts, local authorities, local businesses and communities. It appears that Scottish Government has not followed its own Guidance on producing a BRIA in relation to these proposals. We ask the Scottish Government to publish immediately any impact assessment it has undertaken of the effect of the proposals, and to extend the consultation to allow interested parties a proper opportunity to consider and comment on the predicted impacts. Our initial analysis is that the proposals risk pricing casual homesharers out of the market.

- **Phase implementation -** create a robust evidence base first, and leave it for local authorities to choose more stringent approaches. For Scotland, a national registration system - similar to Scotland's Landlord Registration system - should provide an evidence base first and local areas should choose if they require a more onerous licensing system once that evidence has been collated.

- **Pilot Edinburgh** - whilst Edinburgh is a vitally important cultural and economic centre for Scotland, it is not representative of the whole of Scotland. Many local authorities across the country want to encourage more tourism and short term lets in their area, yet the current proposals are designed with Edinburgh in mind but under the guise of national regulation.

Good licensing systems aim to provide a defined set of effective tools, guarding against fragmentation, so that businesses are able to operate in a consistent and predictable way. This is what they look like:

- **An online, one-stop shop -** hosts should be able to comply with regulations in a single visit to a user friendly website, with no requirement for prior in-person validation. The vast majority of hosts on Airbnb are not businesses or professionals. The Scottish Government should adopt a digital first approach to licensing approval - simple, online and prompt.

- **Instant and one time only application** - Hosts should not need to repeat a licence application, except in the case of material changes of circumstance. If all the necessary criteria are met, hosts should be able to welcome their first guests without delay or the requirement for a follow up. Home sharing licenses and temporary licenses should be received at the point of application. If more verification is

[1] Airbnb Submission, Scottish Government Consultation into Short Term Lets July 2019
[2] Airbnb Submission, Scottish Government Consultation into Short Term Lets July 2019

required for secondary letting, hosts should receive their licensing number in a specified proportionate timeframe on application.

- **Data minimisation -** consistent with data protection best practices, hosts should only be required to provide the minimum data necessary to process an application. Under the current proposals, if local authorities use all criteria outlined by the Scottish Government, second home owners will need to complete 75 steps in order to be fully compliant. The Scottish Government needs to streamline compliance requirements.

- **Ongoing technical discussions -** Local licensing systems for individual hosts are complex and often ineffective unless they are designed in consultation with the platforms who must interact with them. In addition, there is a distinct lack of detail about what platforms are required to do. We would welcome further guidance sooner rather than later.

We are committed to working with the Scottish Government to find a better way forward. Regulations that promote responsible hosting whilst also empowering people in Scotland to make everyday life more affordable will strengthen communities and boost the tourism industry further in the long-term. This has guided our proactive approach through our work with the [Scottish Expert Advisory Panel on the Collaborative Economy,](#) our policy recommendations to the Scottish Government and our work with governments all over the world.

If you would like to discuss our position in the meantime, please contact me.

Patrick Robinson

Director of Public Policy, EMEA
Airbnb