



## **Airbnb Submission: Scottish Government Short-Term Lets Consultation**

### **Introduction**

Founded in 2008, Airbnb empowers millions of people around the world to unlock and monetise their spaces, passions and talents to become hospitality entrepreneurs. Airbnb's online accommodation marketplace provides access to more than six million unique places to stay in over 100,000 locations in 191 countries.

Airbnb's people-to-people platform benefits hosts, guests and the communities, enabling travel that is local, authentic, diverse, inclusive and sustainable. We are committed to working in partnership with governments across the world, as they address the challenges and opportunities of the "collaborative economy".

Airbnb therefore welcomes the opportunity to share the information below with the Scottish Government. We are proud to be part of Scotland's thriving tourism sector, providing a more affordable way to travel and economically empowering people across Scotland via technology.

### **Executive Summary**

This section gives a summary of our key recommendations and positions on a future regulatory framework for short-term lets. The remainder of our response set out these views in the context of the consultation document.

#### **What are the primary policy objectives a new regulatory framework on short-term lets is looking to solve?**

We understand that there is a balance to be struck between accommodating higher visitor numbers in certain areas of Scotland and managing the impact this might have on the future availability and affordability of permanent housing.

We agree that a new regulatory framework for short-term lets will help solve this challenge. A simple, practical and proportionate response, will protect the positive economic and social benefits of short-term letting activity in Scotland whilst empowering certain communities to control and regulate unwelcome commercial activity. User-friendly rules that will be easy for hosts to understand and comply with will help achieve these objectives.

However, the regulatory environment for short-term lets in Scotland is already changing and further restrictions should not go beyond what is necessary to attain policy objectives. We would recommend careful evaluation of recent and future government interventions before further restrictions are proposed at national or local level.

#### **What should be the definition of a short-term let?**

As a starting point, we support a clear definition of what constitutes a short-term stay. Next, we would look to define thresholds of activity - setting clear boundaries between non-professional and professional providers of short-term accommodation.

#### **Who should be in scope of this regulation?**

Both professionals and non-professionals undertaking the activity should fall within the scope of a new regulatory framework, with different thresholds of regulation applying based on the extent of the short-term letting activity. Any new obligations should be introduced in compliance with EU law (including the e-Commerce Directive) and the UK legislation that implements those laws.

Local communities should have the power to control short-term letting activity should they wish to do so. To this end, we recommend that local authorities remain the enforcement body and that the new framework ensures that they receive the requisite information from hosts to support effective enforcement.

#### **How and where should the activity be regulated?**



There should be a national, centralised framework that gives local authorities the flexibility to enforce solutions to fit the needs of different communities across the country. We recommend three distinct points at which different regulatory solutions should apply:

- **Level one (1-28 days and rooms):** Activity below 28 nights a year should be excluded from these rules, as should the use of individual rooms within a primary home.
- **Level two (29-139 nights):** We would support a simple, centralised, online, free, instant, registration system deployed nationally for anyone not sharing their spare room. Registration systems can support a number of policy objectives - from increasing tax compliance and fiscal supervision, protecting urban environments and communities, whilst facilitating the monitoring and control of short-term letting activity.
- **Level three (140+ nights):** We would support a distinction between professional and non-professional short-term letting activity being introduced into planning legislation, with planning requirements only applying to professional short-term lets. The definition of “professional activity” should be short-term lets over 140 nights per year, consistent with the existing threshold for commercial activity that triggers a liability to pay Business Rates.

Above this threshold, we believe it is appropriate for local authorities to have the power to enforce “change of use” planning permission, if evidence clearly suggests that such restrictions would address defined policy goals. We recommend that these changes be introduced via secondary legislation, as an amendment to the Planning (Scotland) Act 2019.

| Threshold of activity |               |                                    |
|-----------------------|---------------|------------------------------------|
| Spare room            |               |                                    |
| Entire home           |               |                                    |
| 1-28 nights           | 28-139 nights | 140 nights +                       |
| Exempt                | Exempt        | Exempt                             |
| Exempt                | Registration  | Registration + planning permission |

### What will be achieved by this approach?

We believe the 140 night limit will prevent unauthorised landlords from listing properties on an ongoing short-term basis, whilst putting power back in the hands of local authorities - who will have clarity on when they can grant planning permission, and when to restrict the activity.

To date, we have worked with 500 governments across the globe on new regulatory frameworks for short-term letting. Given this experience, we believe that this solution is a simple, practical and enforceable solution for local authorities and government, and for regular people who share their homes.

### Data: an overview of the Airbnb Community in Scotland

As a matter of principle and practicality, Airbnb supports policy discussions that are based on evidence and data. The short-term letting market clearly brings economic, social and environmental benefits for travellers, residents and the communities in which they live. As part of our global commitment to transparency with local governments, we frequently publish data about our economic impact in Scotland, which we have included as part of this submission.

Following our earlier submission to the Scottish Expert Advisory Panel on the Collaborative Economy in 2017, we welcome the opportunity to provide updated and accurate information about the size and composition of our community, putting our business in Scotland into proper context.

Hosts on Airbnb can use the platform in several ways. Some choose to share an entire home; this may be their primary or secondary residence that they wish to rent when they are away. Others chose to share their home by renting one or two private rooms in their primary residence on a short-term basis, rather than committing to a full-time lodger. The Airbnb platform is also open to other types of hosts, including



traditional serviced apartments, dedicated holiday homes and a growing number of boutique hotels and commercial bed-and-breakfasts.

Hosts on Airbnb are proud to share their homes, customs, culture and neighbourhoods with travellers from around the world, and showcase Scotland's unique hospitality and its tourist attractions:

- 93 percent of hosts in Scotland said they recommend restaurants and cafes to guests<sup>1</sup>
- 88 percent of hosts in Scotland offer their knowledge on cultural activities such as museums, festivals and historical sites<sup>2</sup>

In doing so, they are not just unlocking a new source of supplemental income, but are creating social impact through hosting:

Who knew that sharing your home with streams of strangers could be such a rewarding experience. I didn't join Airbnb to make friends, but that's happened naturally – in snapshots of lives, in funny memories, in unexpected messages, repeat visits, surprise parcels and invitations from guests all around the globe. I started hosting during the Edinburgh Festival Fringe, when my spare room just felt like wasted space. Now it feels like an opportunity – to help pay the bills, importantly! – but also to laugh and to learn and to return some of the kindness that's been shown to me wherever I've travelled in the world

**Host, Scotland**

As stated in our response to the Collaborative Economy Expert Panel in November 2017, a large proportion of hosts on Airbnb in Scotland are non-traditional workers, including people who are self-employed and pensioners:

Airbnb is a marvellous and uplifting occupation for pensioners in terms of the exercise, interaction with people preventing loneliness and depression and added income for those on a limited budget.

**Host, Scotland**

We love it! It has given my adult son, who has high spectrum autism, employment. Because of various problems, he would never find employment in a 'normal' job. The money we make is an important contribution to our living expenses. Because we do all the cleaning and meet and greet ourselves thereby keeping our expenses low, we are able to charge a very economic rent thereby allowing visitors who have limited resources a chance to visit Edinburgh.

**Host, Edinburgh**

This has wider benefits for the Scottish economy. According to a report by the Association of Scotland's Self Caterers, "Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland", the short-term letting industry supports 15,000 FTE jobs in Scotland.<sup>3</sup> In Scotland, 32 percent of hosts on Airbnb surveyed said they had hired a cleaner to help them.<sup>4</sup>

We are committed members of local society and part of the local community, contributing to its economy through employing a regular cleaner, a gardener and

<sup>1</sup> Based on a survey administered by Airbnb in January 2019 that received over 237,000 responses from hosts and guests around the world about their experience using Airbnb in 2018.

<sup>2</sup> Ibid.

<sup>3</sup> [Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland, June 2018](#)

<sup>4</sup> Based on a survey administered by Airbnb in January 2019 that received over 237,000 responses from hosts and guests around the world about their experience using Airbnb in 2018.



various handymen and shopping locally and bringing tourists into the local area with money to spend. We also provide a local resource as many families in our neighbourhood use our holiday home when they need extra space for relatives for example at the times of funerals or family illness or worry as well as for weddings or family get togethers and visits. This is common now that we have been letting for a while and a lovely aspect of what we do. Our holiday home is thus looked after and kept an eye on when we are not there by our community who have taken us to their hearts.

**Host, Scotland**

Most hosts on Airbnb in Scotland are ordinary people who want – for a variety of reasons – to use their space to host visitors and generate some extra income. Hosts have told us this income typically helps contribute to their household costs, to passions and interests, and to support themselves and their families in small but very meaningful ways over and above their existing employment or business income.

- The vast majority (84 percent) of host accounts in Scotland have one listing on the platform, with 94 percent of hosts sharing space in one or two homes. The proportion of hosts with one or two listings on the platform (compared to hosts with three or more listings) has increased since we last provided evidence in 2017.
- **Host accounts with multiple listings are in the absolute minority of our platform. Hosts accounts with more than five properties account for just 1 percent of our total host community in Scotland.** These are typically more traditional commercial holiday letting businesses and hotels who are reaching new consumers by using Airbnb in addition to their usual marketing channels.
- Almost 80 percent of hosts surveyed in Scotland said they had no plans to change the number of listings on Airbnb in the next year.<sup>5</sup>

| Number of hosts accounts per number of listings in Scotland (as of 1st January 2019 in Scotland) |            |
|--|------------|
| Number of listings   | % of hosts |
| 1  | 84%        |
| 2  | 10%        |
| 3  | 3%         |
| 4  | 1%         |
| 5  | 1%         |
| 6+   | under 1%   |

For absolute clarity, a single property may relate to more than one listing. For instance, some hosts choose to offer both their home as an entire home when they are away, and also offer a private room (or rooms) when they are there. This would result in that host's account displaying more than one listing on the Airbnb website.

Equally, a host who appears to have multiple listings may be managing these on behalf of individual home-sharers who have only one listing each. There are a number of management companies who offer services to individual hosts, such as check-in, cleaning and account management, so while that business may be commercially motivated, the underlying listings may still be primary homes rented occasionally. This is one of the main reasons why attempts to "scrape" the data from our platform often result in misleading conclusions.

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<sup>5</sup> Based on a survey administered by Airbnb in January 2019 that received over 237,000 responses from hosts and guests around the world about their experience using Airbnb in 2018.



- As of January 1st 2019, there are 35,000 active listings across Scotland, out of a total 255,700 in the UK.
- The majority (63 percent) of listings in Scotland are entire homes. However, a large percentage (36 percent) of listings in Scotland are spare rooms.

| <b>Number of listings and breakdown of types of accommodation in top five destinations (as of 1st January 2019)</b> |                                       |                     |                      |                     |
|---|---------------------------------------|---------------------|----------------------|---------------------|
| <b>Destination</b>  | <b>Number of listings<sup>6</sup></b> | <b>Entire homes</b> | <b>Private rooms</b> | <b>Shared rooms</b> |
| Scotland wide   | 35,000                                | 63%                 | 36%                  | 1%                  |
| Edinburgh   | 13,200                                | 61%                 | 38%                  | 1%                  |
| Glasgow   | 3,800                                 | 60%                 | 40%                  | under 1%            |
| Inverness   | 1,300                                 | 55%                 | 44%                  | 1%                  |
| Isle of Skye  | 1,000                                 | 55%                 | 44%                  | 1%                  |
| Fort William  | 540                                   | 54%                 | 44%                  | 1%                  |

For many hosts, the flexibility provided by Airbnb works for them. Sharing their space on a short-term basis allows family and friends to visit and to accommodate for busy work schedules. In addition, many hosts have told us they do not have the facilities available to let long-term tenant, they value their privacy and it is costly to find and vet long-term tenants.

- The vast majority of typical listings across Scotland (88 percent) were booked for less than half of the year. A similar pattern is visible in Scotland's cities - for instance, 40 percent of listings in Edinburgh were booked for fewer than 30 nights
- In Edinburgh, the majority of typical listings on Airbnb are booked for under 90 nights a year (64 percent), and this is the case in Glasgow too (57 percent):

| <b>Listings by nights booked (as of 1st January 2019)</b> |                                   |                                    |                                  |
|---|-----------------------------------|------------------------------------|----------------------------------|
| <b>Number of nights</b>                                   | <b>Scotland % of all listings</b> | <b>Edinburgh % of all listings</b> | <b>Glasgow % of all listings</b> |
| 1-30  | 40%                               | 40%                                | 32%                              |
| 31-60   | 17%                               | 15%                                | 15%                              |
| 61-90   | 11%                               | 9%                                 | 10%                              |
| 91-120  | 8%                                | 8%                                 | 8%                               |
| 121-180   | 11%                               | 11%                                | 14%                              |
| 181+  | 12%                               | 18%                                | 21%                              |

<sup>6</sup> Number of active listings over a year long period.



## **Airbnb and the housing market in Scotland**

It is important to quantify how the data provided on Airbnb's listings sits within the context of the wider housing market in Scotland.

- The total number of **entire home listings on Airbnb represents under 1 percent of the available housing stock in Scotland**<sup>7</sup>, and as seen above a minority of these appear to be used for short-term lets on a frequent basis. An entire home listing on Airbnb is likely to be a primary home, rented for fewer than 90 nights a year.
- In the wider self-catering market, **there are almost five times as many empty homes in Scotland as there are self-catering units**. There are 79,000 empty homes set against 16,692 self-catering units in Scotland.<sup>8</sup>
- In addition, **the number of second homes in Scotland has nearly halved in the last six years**. The total number of properties officially listed as second homes has dropped from a peak of more than 40,000 in 2012 to under 25,000 in 2018.<sup>9</sup>

Other external experts agree that housing concerns in Scotland are driven by much more powerful trends in the housing market - including a deficit of new building - not simply short-term lets. For example, the Royal Institute of Chartered Surveyors states that a shortage of homes becoming available for sale in Scotland is driving up house prices, due in part to issues with Land and Buildings Transaction Tax.<sup>10</sup> Donald Anderson, former leader of Edinburgh City Council, states that the build rate for new properties in Scotland is currently at around 17,000 down from 35,000 in 2007, and significantly under pace to meet demand.<sup>11</sup>

We are aware of a number of attempts to analyse Airbnb in Scotland by extrapolating or tabulating figures "scraped" from our website. The Scottish Government's research Annex A: The Short-Term Rental Sector, Housing and Tourism in Scotland summarises some of the available evidence from a range of publications, from government and local authority data, to that provided from industry sources, but it also makes use of data scraping sites. Such public scrapes from our site use inaccurate information and flawed methodology to make misleading assumptions about the scale, nature and impact of the Airbnb community in Scotland.

For example, examining the total number of entire home listings in any given area is not necessarily an indication of impact on long-term housing. In addition, the data cannot be correlated with data provided by Airbnb as the data sets are likely to have been extrapolated at different times.

Very few of those listings would likely be available on the long-term housing market, aside from Airbnb. An entire home is very often – but not always – already the home of the host. They are offering their entire home to guests while they are themselves away. Thus, an "entire home" listing on Airbnb is not necessarily a property that would be available for long-term rental under other circumstances.

Where we have shared our data with third parties for external studies elsewhere in the UK, **it has demonstrated that Airbnb does not have a significant impact on housing**. The IPPR concluded that the impact of short-term lets on London's housing supply in 2016 was "negligible."<sup>12</sup> However, as a business, we have been proactive in responding to concerns raised, examples of which are covered later in our submission.

## **Airbnb and the tourism economy in Scotland**

Airbnb opens-up new benefits to those who use the platform; be they guests, hosts, or the wider community. This has boosted the incomes of the Scotland's residents, whilst helping independent restaurants and businesses reach new audiences.

My short-term lets provide an increased income to the one pub, one shop and

<sup>7</sup> As of 1st January 2019: <http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/KeyInfoTables>

<sup>8</sup> [Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland, June 2018](https://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/Emptysecondhomes)

<sup>9</sup> <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/Emptysecondhomes>

<sup>10</sup> <https://www.insider.co.uk/news/housing-shortage-uk-2017-scotland-11987504>

<sup>11</sup> <https://www.scotsman.com/news/opinion/donald-anderson-here-s-what-s-really-causing-the-housing-crisis-1-4759672>

<sup>12</sup> <https://www.ippr.org/impact-story/homesharing-and-london-s-housing-market>



one cafe in the local area. It is vital to the sustainability of this local area that tourism is not affected by visitors having reduced access to affordable accommodation - the danger is that they simply pass through the area and don't stay.

**Host, Scotland**

- Guests spent on average £100 per day on activities like cultural experiences, sightseeing, shopping, travel and food and drink. **Guest spending in Scottish communities accounted for more than three quarters (£531 million) of the total figure generated for the country.**
- With this, comes a significant economic boost for the local community. The total economic activity generated by hosts and guests amounted to **£693 million in 2018.**
- **Edinburgh remains the most popular destination in Scotland**, with 831,000 arrivals in the city in 2018. Over half the guest arrivals (54 percent) to Scotland were from outside the UK.<sup>13</sup>
- **This activity is bringing value to Scotland's economy.** Visitors using Airbnb accounted for 5% of the total number of visitors to Scotland in 2016 and boosted the economy by over £1.5m per day, helping to spread these benefits beyond tourist hotspots and across the country.

| Total guest arrivals top five destinations (in 2018) |              |
|--|--------------|
| Destination  | Guest number |
| Edinburgh  | 831,000      |
| Glasgow  | 239,000      |
| Inverness  | 94,000       |
| Isle of Skye   | 70,000       |
| Fort William   | 51,000       |

Every guest on Airbnb seeks a different experience, and will prioritise different aspects of a trip including location, property design or authentic, local knowledge. Airbnb is a platform that helps guests who are looking to travel in more flexible, bespoke and convenient ways:

- **We help visitors discover the very best of a community or bigger destination.** 77 percent of guests who stayed with Airbnb in Scotland said they use the platform for a more local, authentic experience. Tourism experts across Scotland agree. Malcolm Roughead, Chief Executive of VisitScotland has said that “Airbnb is part of a suite of choices the consumer has when visiting a country and there’s no doubt it is helping to grow the visitor economy through innovative new approaches to tourism.”<sup>14</sup>
- **Airbnb opens up travel opportunities to those who may not have considered a visit, and allows visitors to stay for longer after they touch down.** Guests who say Airbnb impacted the length of their stay, on average added 4.3 days to their trip.
- **We help to increase much needed tourism capacity where required.** With hotel room occupancy peaking at 88 percent across Scotland in August last year<sup>15</sup>, our platform helps to make Scotland's

<sup>13</sup> Based on a survey administered by Airbnb in January 2019 that received over 237,000 responses from hosts and guests around the world about their experience using Airbnb in 2018.

<sup>14</sup> <https://www.scotsman.com/business/edinburgh-economy-gets-320m-boost-from-airbnb-1-4957779>

<sup>15</sup> <https://www.visitScotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/saos-annual-report-2018.pdf>



rural communities and top events even more accessible. Airbnb provides an online tool for event organisers to provide more accommodation options in more locations for event participants, which can help both event organisers and towns and cities manage influxes of visitors during those times.<sup>16</sup>

At Airbnb, we believe that cultural tourism is about connecting people, values and culture to build authentic travel experiences. Visitors using Airbnb typically benefit communities more than those using hotel chains or cruise ships<sup>17</sup>:

- The vast majority of each pound spent on Airbnb flows directly to hosts, who keep up to 97 percent of everything they charge to rent their space. Hosts then spend and reinvest their earnings in a number of ways including household expenses, rent or mortgage payments, cleaners, home improvement, healthcare and education.
- This stands in stark contrast to tourism spends with hotels, where anywhere between 14 to 36 percent of each chain-hotel pound may never reach the actual destination community.

Airbnb will continue to focus on rural regeneration everywhere, to help bring the economic benefits of tourism to areas that want to welcome more travellers into their communities in a locally sensitive, sustainable way.

- In a global first for Airbnb, we are launching an exciting new initiative to inspire visitors to go off the beaten track and explore some of the hidden gem destinations across the UK. As part of this initiative, **one town or village in Scotland will benefit from significant promotion from Airbnb this year** and we have put a short-list of destinations to a public vote on social media channels to select the town.

**Airbnb has consistently worked in partnership with local organisations in Scotland to help spread the positive impact of the platform's people-to-people model of sustainable tourism.** In 2018, we announced a partnership with VisitScotland to support more authentic experiences for visitors to Scotland, allowing guests to discover hidden gems and exciting experiences beyond traditional tourism, and empower hosts to become ambassadors for Scotland, sharing knowledge and local insight with guests in line with VisitScotland's tourism and cultural campaigns.<sup>18</sup>

**At Airbnb, we believe we have a responsibility to promote and preserve sustainable cultural tourism.** Airbnb supports innovative projects in local communities that encourage and empower locals to both shape and benefit from more sustainable tourism. We believe this will result in stronger communities and empowered citizens whilst also preserving and promoting local culture. In 2018, Airbnb worked with Edinburgh Festival to help give locals access to events in which they usually would not be able to participate.<sup>19</sup>

### **A future regulatory framework for short-term lets**

**We support the proposed design principles as currently drafted.** We agree that there should be a simple, practical and proportionate regulatory framework, incorporating user-friendly rules that will be easy for hosts to understand and comply with.

**We agree that a new regulatory framework should be simple, clear and fair.** Airbnb has long supported the Scottish Government's approach towards developing an evidence-based regulatory framework for short-term lets. In November 2015, we launched the global Airbnb "Community Compact", outlining a set of policy principles and commitments guiding how we engage. The Compact is underpinned by three principles: making data available; enabling our community to pay their fair share of tourist taxes; and developing public policy solutions to help governments put in place new rules for this new activity. This has guided our work with over 500 governments across the world to date. We look forward to working with the Scottish Government on a new proportionate regulatory framework for short-term lets.

However, **a balanced and evidence-based approach is crucial.** Restrictions should be appropriate and proportionate, and not go beyond what is necessary to attain policy objectives. Should the Scottish Government take forward all regulatory proposals outlined, we would argue this is not consistent with a

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<sup>16</sup> [Airbnb for Events](#)

<sup>17</sup> [Airbnb Healthy Travel and Healthy Destinations Report, 2018](#)

<sup>18</sup> <https://press.airbnb.com/visitscotland-and-airbnb-launch-new-tourism-partnership/>

<sup>19</sup> <https://www.airbnbcitizen.com/ctp/partners/>





proportionate policy response. Airbnb notes the recommendations issued by the European Commission<sup>20</sup>, which sets out best practices to promote a balanced development of the collaborative economy, including guidance on appropriate policy responses and their justification - which focus in particular on the importance of evidence-based decisions.

**The regulatory environment for short-term lets in Scotland is already changing.** The Scottish Government is currently seeking to introduce a discretionary tourism levy, changes to non-domestic rates and the Scottish Parliament passed new planning restrictions in June 2019. **We are yet to see the introduction or impact of these regulations on the short-term letting market in Scotland**, so we would recommend careful evaluation of these recent interventions before more restrictions are proposed at national or local level.

Any policy or regulatory changes should be based on data, rather than hinging on anecdotal evidence. For example, we note that there is no concrete evidence to suggest there is a causal link between rental price increases and the growth of the short-term lettings market in Scotland.

**We agree with the Government that there should not be a national “one size fits all” approach to short-term lets, in order to allow local communities the flexibility to determine which approach is right for them.**

We recognise that every city and community is different. Factors such as tourism demand, population density, trends in the private rental sector, local land use laws and other legal frameworks, and cultural variances make it impossible to propose a single set of regulations that would be appropriate for everywhere.

We agree there needs to approach challenges in different ways in order to effectively address relevant local concerns. Some communities in Scotland want to increase tourism footfall, whereas other areas may want additional regulatory guardrails.

However, we agree with the Scottish Government that there should be a national framework for regulations, allowing local authorities to apply tighter regulation where there are clear public policy concerns, underpinned by evidence. However, the “menu” of options should be set at national level, to ensure that the whole industry - including a number of international platforms - are able to operate in a consistent and predictable way. The goal must be to provide a defined set of effective tools, guarding against fragmentation.

**We support industry-wide regulations that provide clarity and legal certainty for non-professional and professional providers of short-term accommodation - regardless of the platforms and channels they use to reach consumers.**

We support a legal definition of occasional, non-professional and professional short term lets. We believe this protects the rights of regular people to share their homes and gives them **clarity and legal certainty**.

Airbnb is just one of the most high-profile brands in the home sharing and short-term rental space. The whole short-term letting industry should be kept in focus, and the policy solutions under consideration should be appropriate for the full spectrum of rental activity.

- According to data from SeeTransparent over a quarter of the short-term letting market in Edinburgh is listed on Booking.com and almost a fifth is listed on Expedia/HomeAway.<sup>21</sup>

This has guided our recent approach in London. Airbnb is currently the only platform that works with London to help hosts follow the rules by limiting the number of nights homes can be let on Airbnb – despite calls from the Mayor of London, local councils and the UK Government for others to follow our lead. In the absence of collective industry action, we supported additional frameworks to ensure that short term let regulation is effective and have led the debate in establishing a declarative registration system.<sup>22</sup>

**Clear definitions are critically important to sound regulation.** The boundaries between different kinds of activities need to be unambiguous and easy-to-understand - for instance, between the kind of short-term letting that requires permission and that which does not.

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<sup>20</sup><https://publications.europa.eu/en/publication-detail/-/publication/1a76a592-5273-11e8-be1d-01aa75ed71a1/language-en>

<sup>21</sup> Data from SeeTransparent as of January 2019

<sup>22</sup> <https://press.airbnb.com/en-uk/airbnb-mayor-support-sustainable-tourism/>



The most important basic definition is about what actually constitutes a short-term let. Approaches differ from place to place, but it is always important to set a definition of which kinds of *stays* are regulated, even before it is decided which kinds of *properties* or *hosts* are regulated. In Ireland, for example, short-term letting regulations are applied only to stays that last fewer than fourteen nights in duration. If a host is using their property for lettings that extend beyond this time, they are regulated by long-term rental regulations, and the short-term rules do not apply.

Once the definition of a short stay is determined, the next key distinction is between the use of property for non-professional short-term letting (which evidence shows has a negligible impact on housing supply) and commercial short-term letting. On this point, the distinctions **currently proposed by the Scottish Government would be difficult and onerous to enforce**. They hinge on subjective criteria that are difficult to define, and even more difficult to enforce.

Instead, there should be objective thresholds that apply to all kinds of property, in all areas of Scotland, to which different regulatory solutions apply:

- Properties booked for fewer than 28 nights of short-term rental accommodation
- Properties used for between 28 and 139 nights
- Properties used for 140 nights and above.

Existing law already sets a threshold for commercial activity at 140 nights, which is the point at which business rates are applied. This is therefore an established boundary, which will ensure consistency between tax and short-term rental regulation.

Above this 140 night threshold, we believe it is appropriate for local authorities to have the power to enforce “change of use” planning permission, if evidence clearly suggests that such restrictions would address defined policy goals. Below this threshold, we recommend a simple, online notification system that could be administered nationally, and would apply to hosts that advertise through any offline or online channel. De minimis activity below 28 nights a year should be excluded from these rules, as should the use of individual rooms within a primary home.

**The new Planning (Scotland) Act provides a foundation for these definitions already - the Scottish Government should build on this to drive greater clarity and consistency, rather than create a new, parallel system.**

This year, we saw legislation passed in Scotland on short-term lets for the first time. We recommend an amendment to the Planning (Scotland) Act 2019 - via secondary legislation - to establish the definition of professional short-term letting outlined above and the rules that apply to professional short term lets

This would provide local authorities with the powers to regulate commercial short-term lettings via existing planning processes, removing the need for a completely separate regulatory framework. Non-professional short-term rentals (i.e. those used for fewer than 140 nights a year) would be regulated at national level via the registration framework outlined below.

**A simple, centralised, online, free, instant, registration system should be deployed nationally for non-commercial short-term letting.**

At their simplest, registration systems provide information to authorities, which then allows them to achieve a number of other policy objectives - e.g. increasing tax compliance, mapping tourism flows or ensuring compliance with health and safety regulations.

Airbnb has extensive experience of registration systems in Europe and globally. When implemented properly, such schemes help increase transparency for all stakeholders, and allow authorities to focus their enforcement efforts effectively.

As we have in other jurisdictions, **we would support a simple, online, cost-free and centralised system where hosts can input their personal information and instantly obtain an entry on the register**. In line with European Commission recommendation, such a system should operate at national level, minimising the scope for local fragmentation, along the lines of the [Scottish Landlords Register](#). In Europe, Airbnb has already supported the development of a number of effective schemes, including in Greece, Portugal, Andalusia in Spain and Hamburg in Germany.

*“With regard to the policy objective of ensuring availability and affordability of housing, a straightforward online scheme for the mandatory registration of accommodation providers*



*should be considered, accompanied by an enforcement mechanism. This would allow the authorities to closely monitor activity and follow any developments. These schemes should be online, (ideally) centralised, simple, inexpensive, and should not require the submission of documentation beyond what is strictly necessary.*

**European Commission 2019<sup>23</sup>**

When implemented poorly, registration regimes can cause a host of new problems for hosts and for local authorities. Complex and burdensome requirements for users, inconsistent enforcement between local, regional and national authorities and poor technical execution can render these schemes bureaucratic and ineffective. At their worst, they can constitute barriers to trade - which could fall foul of European Single Market rules, as the European Commission highlights.

- Online processes are most effective: **Over three quarters (79 percent)** of hosts surveyed across the country said they would be less likely to continue to host on Airbnb with a **paper-based registration system that required payment of a small fee.**<sup>24</sup>

Getting this balance right is important, and requires careful evaluation. If the underlying rules are too restrictive, or if the implementation of the scheme is too burdensome, the process will typically suit only commercial operators - discouraging non-professional hosts from providing accommodation, leading to a loss of the benefits outlined earlier in this submission. It would be a missed opportunity if Scotland's approach led to an entirely commercial short-term lets sector in the country, shutting others out.

**A properly designed national registration system, augmented by planning authorisation for commercial short-term lets, should be a sufficient and proportionate control mechanism for Scotland.**

We believe that introducing additional licensing and “market based interventions” are unnecessary additional layers of regulation, which could result in a more complicated patchwork of conflicting regulations across Scotland. This would not meet the policy goals of the Scottish Government.

With a registration system providing transparency, and a planning regime that allows for control over clearly-defined “commercial” activity, local authorities will have the tools they need to shape the housing market to meet their unique needs. The Planning (Scotland) Act 2019 gives local authorities the power to designate areas where it is necessary to control short term letting, by requiring planning permission for short term lets. Anything beyond this would add complexity without any guarantee of greater effectiveness.

**Introducing restrictive regulation will not incentivise individuals to put their property on the long-term rental market.** We asked hosts in Scotland how the introduction of a registration system, licensing and new taxes on short-term letting would affect how they host. **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 either. Of that 51 percent:**

- 17 percent of hosts surveyed said they would leave their property empty<sup>25</sup>
- 34 percent said they would still live in, but not let their property<sup>26</sup>

An onerous licensing process would simply deter hosts who are bringing great value to their communities all across Scotland, but not necessarily impact housing availability. We asked hosts in Scotland how Edinburgh City Council's proposed licensing system would affect their interest in continuing to host on Airbnb. 60 percent said they were less likely to host on Airbnb if Edinburgh City Council's licensing system were introduced.

**Any new system needs to be introduced in a cross-industry partnership between local operators, the major short-term letting platforms and the relevant layers of government.**

<sup>23</sup> [http://publications.europa.eu/resource/cellar/1a76a592-5273-11e8-be1d-01aa75ed71a1\\_0001\\_01/DOC\\_1](http://publications.europa.eu/resource/cellar/1a76a592-5273-11e8-be1d-01aa75ed71a1_0001_01/DOC_1)

<sup>24</sup> Based on a survey administered by Airbnb in June 2019 from a random sample (over 400 hosts) across Scotland about their opinions on the recently proposed short term-let regulations. This sample included professional and non-professional hosts on Airbnb.

<sup>25</sup> Ibid

<sup>26</sup> Ibid



As noted above, platforms such as Airbnb have experience of implementing regulations across Europe, and have a wealth of experience in how they have worked in practice. While it is - of course - the role of government to determine regulations, the technological complexity of implementing them should give rise to open communication across the industry, to share ideas and agree common technical approaches.

It is also critically important that these regulations are introduced in full alignment with EU law (including the e-Commerce Directive) and the UK legislation that implements those laws. In this regard we note that Airbnb Ireland UC, an entity incorporated in Ireland, is the legal operator of Airbnb's platform within the EEA.

## **Taxation**

### **Host Income Tax**

Non-professional hosts, who keep 97 per cent of the price they charge to rent their space on Airbnb, are typically subject to income tax — often at considerably higher rates than business taxes — and their properties are subject to council tax. Airbnb pays VAT on the fees that it generates from every transaction in the UK, as well as all other applicable corporate taxes

The information we currently provide to our UK users on tax issues can be found on our [Responsible Hosting Page \(United Kingdom\)](#).<sup>27</sup> This is the main place in which we provide information about tax to our users including a free tax guide created by an independent third party).<sup>28</sup> As well as being accessible at the foot of the Airbnb homepage, we send all UK hosts information about their tax obligations every year, including a link to this page and the resources it contains. Hosts can also download a copy of their transaction history from their Airbnb account at any time.

### **Tourism Tax**

It is important to consider tourist taxes in the context of overall framework of taxation for tourism services. Unlike other EU countries, the UK does not have a reduced VAT rate for tourism services, meaning that there could be a significant, additional tax burden for professional hosts on Airbnb who meet the VAT threshold.

In cities with specific tourist and hotel taxes, Airbnb often works with governments to simplify the process and collect and remit those taxes on behalf of hosts and guests. Through this work, we are proud to **have partnered with more than 400 governments around the world to collect and remit tourism taxes**. To date, **Airbnb has collected more than \$1.2bn in tourist taxes**.

In Scotland, Airbnb responded to the national discussion on transient visitor taxes in 2018 ; we await with interest the forthcoming consultation on a locally-determined tourist tax later this year. We also participated in the City of Edinburgh Council's consultation into the Transient Visitor Levy.

**We have consistently committed to support a tourism levy, should communities in Scotland wish to introduce one**, but it is also important to consider the interplay between different policies here. According to research by Edinburgh City Council, guests on Airbnb would raise around **one-fifth or one-quarter of the total revenue from an TVL depending on the model adopted**.<sup>29</sup> However, this amount of revenue would be reduced if restrictions on short-term lettings led to a significant tightening of supply.

Conversely, the licensing scheme as currently proposed by Edinburgh City Council would severely impact the revenue that could be generated by a tourism levy.

### **Non-domestic rates and the Barclay Review**

As we have stated above, we support regulation that distinguishes between occasional, non-professional activity, and professional short-term lettings. This also applies to the taxes that apply to each category.

To align tax policy with short-term rental regulation, we recommend that the 140 day tax threshold for self-catering accommodation should be based retrospectively on the days/nights actually booked, rather than the number of nights advertised or intended to be let.

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<sup>27</sup> <https://www.airbnb.co.uk/help/article/1379/responsible-hosting-in-the-united-kingdom>

<sup>28</sup> [https://assets.airbnb.com/help/airbnb-pwc-taxguide-unitedkingdom-en.pdf?\\_ga=2.243770115.708872792.1563164748-857420291.1533545982](https://assets.airbnb.com/help/airbnb-pwc-taxguide-unitedkingdom-en.pdf?_ga=2.243770115.708872792.1563164748-857420291.1533545982)

<sup>29</sup> [http://www.edinburgh.gov.uk/download/meetings/id/57232/item\\_83\\_-\\_edinburgh\\_transient\\_visitor\\_levy](http://www.edinburgh.gov.uk/download/meetings/id/57232/item_83_-_edinburgh_transient_visitor_levy)



Equally, we do not believe that ordinary hosts sharing their primary home for 70 nights, who are not businesses or professionals, should be subject to the same tax rates as business users of the Airbnb platform.

We refer you to our submission to the Scottish Government's consultation on the Barclay Review<sup>30</sup>, as well as the Scottish Parliament and Local Government Committee consideration of the Scottish Government's Non-Domestic Rates Bill<sup>31</sup> for more information on our position.

### **Market based interventions and financial disincentives**

**We fundamentally disagree there should be financial (dis)incentives to control some types of short-term letting activity.** Considering an additional tax on short-term letting - beyond a tourism levy and potential changes to the income tax system which are yet to be introduced - goes way beyond the policy intentions of the Scottish Government.

### **Trust and Safety**

Airbnb is committed to fostering trust between our guests, hosts, neighbours and governments to ensure that our community has safe and positive experiences while using the platform. The vast majority of the users of our platform have enjoyed a trusted and safe experience but we endeavour to eliminate safety concerns.

We have Community Standards<sup>32</sup> to help guide behaviour and categorise the values that underpin our global community. Our five standards – safety, security, fairness, authenticity, and reliability – remain central pillars in our efforts to help ensure safety. We remove individuals from our platform if they have been found to violate these standards.

**Hosts and guests on Airbnb are not a driver of anti-social behaviour in Scotland.** To date, there have been more than 500 million guest arrivals in Airbnb listings globally to date and **negative incidents are extremely rare.**

This is reflected in data from local councils across Scotland. Frontline Consultants research shows that **the frequency of antisocial behaviour complaints in each local authority surveyed in Scotland is negligible compared to the number of available properties and occupancy levels.**

- According to this report there were a total of **39 complaints of antisocial behaviour relating to short-term lets reported to Edinburgh City Council over a three year period (2015-2018)**<sup>33</sup>
- According to the same report, **Glasgow City Council received 14 complaints between 2007 and 2018.**<sup>34</sup>

Hosts on Airbnb have not experienced significant issues in Scotland either:

- **92 percent of hosts surveyed by Airbnb in Scotland** said they had never experienced any issues with antisocial behaviour, waste, parking or noise caused by their guests<sup>35</sup>.
- **Under 1 percent of hosts surveyed in Scotland** had experienced issues with anti-social behaviour with guests on Airbnb<sup>36</sup>.

**Given the reported scale of the issue, we do not believe that local authorities require additional powers in this area.** In Scotland, local authorities have existing powers at their disposal to tackle antisocial behaviour through the Antisocial Behaviour Notices (Houses Used for Holiday Purposes) (Scotland) Order 2011. If properly implemented, the kind of cross-industry, national registration system that we have

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<sup>30</sup>[https://consult.gov.scot/local-government-and-communities/non-domestic-rates/consultation/download\\_public\\_attachment?sqld=pasted-question-1467894590.05-55511-1467894590.71-30316&uuld=605041963](https://consult.gov.scot/local-government-and-communities/non-domestic-rates/consultation/download_public_attachment?sqld=pasted-question-1467894590.05-55511-1467894590.71-30316&uuld=605041963)

<sup>31</sup> [https://www.parliament.scot/S5\\_Local\\_Gov/Inquiries/LGC\\_S5\\_19\\_NDR\\_164\\_AirBNB.pdf](https://www.parliament.scot/S5_Local_Gov/Inquiries/LGC_S5_19_NDR_164_AirBNB.pdf)

<sup>32</sup> <https://www.airbnb.com/trust/standards>

<sup>33</sup> Obtained via Freedom of Information (FOI) from Edinburgh City Council - [Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland, June 2018](#)

<sup>34</sup> Obtained via Freedom of Information (FOI) from Glasgow City Council - [Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland, June 2018](#)

<sup>35</sup> Based on a survey administered by Airbnb in June 2019 from a random sample (over 400 hosts) across Scotland about their opinions on the recently proposed short term-let regulations. This sample included professional and non-professional hosts on Airbnb.

<sup>36</sup> Ibid.



proposed above would allow local authorities to better target their enforcement efforts, and quickly identify the operators of short-term lets that cause problems locally.

**However, we believe that working in partnership to provide further education and guidance can play a powerful role in promoting good behaviour.** In instances where buildings may want to have more control over the activity provided in their local community, Airbnb's Friendly Buildings Programme is a way for landlords, property managers, and homeowners' associations to let people in their building host on Airbnb. Through this program, Airbnb collaborates with hosts and building owners to create hosting rules, update leases and agreements and helps the community share portions of the income.

For example, **we launched our Good Guest Guide for Edinburgh in July 2019** which provides tailored and practical information on how guests can be good neighbours whilst visiting Edinburgh, as well as signposting safety and emergency contact information.

One area of responsibility that Airbnb takes incredibly seriously is the matter of fire safety. We encourage hosts to think carefully about their responsibilities through a Responsible Hosting Page which outlines in detail what is expected of a host, including a signpost to the Fire Safety (Scotland) Act 2005. We have also released new guidance in partnership with the National Fire Chiefs Council (NFCC) to all UK hosts<sup>3738</sup>. We encourage every Airbnb host to install working smoke & CO detectors in their listing and to check them frequently. As part of this work, an Airbnb partner has been distributing free smoke and carbon monoxide detectors to eligible hosts across Scotland.

We regularly hold events across the UK to discuss safety issues with hosts on Airbnb. In December 2018, we held a 'Meet the Experts' event in Edinburgh<sup>39</sup>, showcasing safety advice and resources to hosts from a number of trusted authorities. The event covered a range of topics, from fire safety to accident prevention, and was aimed at making safety resources available to help promote safe and responsible hosting.

We would also renew our commitment to work with the Scottish Government or local authorities in Scotland to help resolve issues as they are reported and to issue guidance to our community. **We support complaints systems and have already introduced measures in that regard**, but we would add that such self-regulatory measures require collaborative working between government and our platform in order to be successfully promoted.

- Anyone can go to [airbnb.co.uk/neighbours](https://airbnb.co.uk/neighbours)<sup>40</sup> to share specific concerns they might have about a listing in their community. Airbnb has held discussions with local authorities and MSPs to discuss how we can best share this tool with national and local government and we frequently distribute this resource to stakeholders across Scotland.

In addition, Airbnb has worked with the UK Short Term Accommodation Association (STAA) to develop a Code of Conduct<sup>41</sup> to protect hosts and guests, support enforcement, maintain residential amenity, and support local businesses.

We would like to take this opportunity to inform and update the Scottish Government of our existing policies and procedures to deal with safety issues and complaints on our website.

**We want to ensure that we are responsive to the concerns of local communities and to be proactive in our approach.** In accordance with our Terms of Service<sup>42</sup>, Privacy Policy<sup>43</sup>, and Law Enforcement Guidelines<sup>44</sup>, Airbnb receives and responds to valid requests for user information on a regular basis. These requests come from various government agencies around the world. **Our automated systems screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists.** Every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any

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<sup>37</sup> <https://press.airbnb.com/en-uk/airbnb-commits-to-putting-fire-safety-first-with-national-fire-chiefs-council/>

<sup>38</sup> <https://airbnb.app.box.com/s/yb76sxzeq1ardfg9lpmen7glq6gzp263>

<sup>39</sup> <https://press.airbnb.com/en-uk/meet-the-experts-hosts-learn-to-put-safety-first-at-edinburgh-masterclass/>

<sup>40</sup> <https://www.airbnb.co.uk/neighbours>

<sup>41</sup> <https://www.ukstaa.org/code-of-conduct>

<sup>42</sup> <https://www.airbnb.com/terms>

<sup>43</sup> [https://www.airbnb.com/terms/privacy\\_policy](https://www.airbnb.com/terms/privacy_policy)

<sup>44</sup> [https://www.airbnb.co.uk/help/article/960/how-does-airbnb-respond-to-data-requests-from-law-enforcement?\\_set\\_b ev\\_on\\_new\\_domain=1534248539\\_6TwFd3lDsPBrFTwn](https://www.airbnb.co.uk/help/article/960/how-does-airbnb-respond-to-data-requests-from-law-enforcement?_set_b ev_on_new_domain=1534248539_6TwFd3lDsPBrFTwn)



suspicious activity. When our systems detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.

In order to book or host, users must provide Airbnb with a full name, date of birth, photo, phone number, payment information, and email address. Hosts can also require that guests provide Airbnb with a government ID before booking their listing; the host is then required to do the same

Our review system ensures that users can see what other community members have thought about a potential guest, host, or home. Guests and hosts publicly review each other and can only do so after the reservation is complete.

In the rare event that any issue should arise, our global Customer Service and Trust and Safety teams are on call 24 hours a day, 7 days a week, in 11 different languages to help with rebooking assistance, refunds, reimbursements, and insurance programs.

### **Conclusion**

Airbnb has worked with more than 500 governments across the world and we will continue to encourage local policymakers to work with us to help create clear policy solutions and guidance for local hosts. We thank the Scottish Government for the opportunity to provide this information and hope that it is useful to understand our position as it considers further regulation of short-term lets in Scotland.