

# EDINBURGH FESTIVALS: RECOMMENDATIONS ON REGULATION OF SHORT-TERM LETTING

## 1. SUMMARY

Edinburgh's major festivals support regulation of short-term letting due to problems for our city caused by the rapid growth in such lets, especially those run commercially as businesses all year round.

- We believe that the regulation of temporary accommodation needs to be set in the context of the Council's overall housing strategy to support affordability, in light of the serious year-round shortages of accommodation and price escalations experienced by local tenants.
- We would not be in favour of any measure that disrupts the Private Residential Tenancies legislation introduced in December 2017 which was an important step forward in security of tenure for local tenants.
- We know that regulation can play a valuable role in addressing the anti-social behaviour problems associated with some short-term lets to improve the quality of life for local residents.
- We want to see the City of Edinburgh Council develop a temporary accommodation strategy, including short-term lets regulation and encouraging more temporary peak season use of purpose built student accommodation.
- We welcome the fact that changing the use of an entire residential home in the city to short-term letting will automatically require planning permission.
- We believe that the main focus of any regulation of short-term lets should be on year-round commercial letting - noting that brief periods of local people letting out all or part of their main homes does not adversely affect long-term housing stock and such additional sources of income may be increasingly important as the cost-of-living crisis escalates.
- We estimate that residents may have benefited from letting nearly 20,000 bed spaces in their own homes each night in August 2022 to festivals audiences and performers/participants - noting that this is equal to around 75% of the city's hotel stock and generates £3,360 per double room per household.
- We believe that the process, timelines and conditions for temporary exemptions should be as light-touch and rapid as possible - in the absence of any legal requirement to apply mandatory or additional licence conditions to hosts who have been granted exemptions, it seems overly onerous to ask them to deal with the same conditions as year-round commercial lets.
- We think that any policy presumption against secondary letting in tenemental or shared main door accommodation, should be informed by evidence from the initial operation of six-week temporary licences to establish impact assessments.

The following sections set out our detailed recommendations for action to the City of Edinburgh Council [consultation on their draft short-term letting policy](#) which is due to be implemented from 1 October 2022.

## 2. DETAILED RECOMMENDATIONS

### 2.1 Edinburgh's accommodation needs

#### ACTIONS:

- **We want to see the City of Edinburgh Council leading the development of a temporary accommodation strategy including short term lets regulation that effectively targets problem areas, while continuing to acknowledge its importance as part of the mix to deal with peak demand in the August festivals season.**
- **Such a strategy should also include 1) brokering discussions with owners of purpose built student accommodation about setting aside a percentage of their rooms for capped rate lets to festival participants; and 2) exploring the scope for students and their private landlords to benefit from mutually agreed temporary summer sub-letting, without affecting their security of tenure.**

Measures for temporary accommodation obviously need to be set in the context of the Council's overall housing strategy to support affordability, in light of the serious year-round shortages of accommodation and price escalations experienced by local tenants.

The introduction of Private Residential Tenancies in December 2017 was an important step forward in security of tenure and we would not be in favour of any measure that would disrupt this.

While still retaining that security of tenure, it may however be possible to restore more temporary supply during peak summer months – for example, by ensuring that new regulations promote responsible home letting and home sharing, and by encouraging private student tenants and their landlords to agree mutually beneficial temporary summer sub-letting arrangements that allow them to share the additional income.

The shared 2030 Vision for a sustainable Festival City, published in July 2022, was agreed by City of Edinburgh Council representatives as well as national government and agencies and all the major festivals. It recognises that supporting the Festival City to develop successfully will require integrated multi-year planning.

City policy on temporary accommodation is a key area where we could come together to support joined up policy thinking to support Edinburgh residents facing into a recession and cost of living crisis. This would help to protect an estimated city economic impact of at least £200m and 4,200 additional jobs while also fundamentally supporting the existing 44,000 jobs in the city's creative and leisure industries.

### 2.2 Regulation of commercial short-term lets

#### ACTIONS:

- **We call on decision makers to gather the evidence and enable an impact assessment of both positive and negative impacts for different regulatory options, before implementing any policy with wide-ranging consequences.**
- **In the first instance, secondary lets with no previous complaints against them could be licensed for a six-week trial period under the Council's temporary licensing provisions - to enable CEC to develop the evidence base on the overall numbers and patterns of secondary lets, and how many are leading to anti-social behaviour - before a decision is taken on citywide policy for longer-term licensing.**

Edinburgh's major festivals support regulation of short-term letting due to problems for our city caused by rapid growth in short-term lets, especially those run commercially as businesses all year round.

We recognise the Council needs to tackle the two key problems highlighted by the Council leader of too many homes in the city being lost to the holiday market; and issues of safety, anti-social behaviour and noise for residents.

We welcome the leader's commitment to better balance housing supply for local people all year round, without stopping people from renting out rooms to performers during the festivals.

The main problem is secondary lets that are not an owner's principal home and are being rented out around the year. Growth in this type of short-term accommodation is not driven primarily by the few weeks of peak festivals season, but by what landlords can earn from Edinburgh's high visitor rates for most months of the year.

This year-round commercial letting is where the main focus of regulation should be, since brief periods of local people letting out all or part of their main homes during peak seasons offer income generating opportunities without the city losing residential housing. Indeed, this additional source of income may be increasingly important to local people as fuel bills and cost of living rise and the country falls into recession.

We are pleased to see that incoming regulation will enable the previous planning legislation to be properly enforced, so that any existing secondary lets which are not main residences must have or apply for planning permission for a change of use. We also welcome the fact that from now on, changing the use of an entire residential home in the city to short-term letting will automatically require planning permission.

For CEC to consider a presumption against secondary letting in tenemental or shared main door accommodation, this public policy decision should be informed by evidence from initial operation of the licensing process that enables an impact assessment to be produced of both positive and negative impacts.

This could be done by gathering data through temporary six-week licensing provisions for an initial period. Councillors would then have the evidence to enable them to demonstrate that a presumption against secondary letting in tenemental or shared main door accommodation is required to deal with substantiated problems while avoiding inadvertently cutting off economic benefits for local residents.

## 2.3 Informing evidence and impact assessment

### **ACTION:**

- **We ask officials to work with all the organisations who can help to draw better figures together.**

We are not aware of a publicly available assessment bringing together the existing range of data and estimates for visitor demand and supply, and data on the problems caused for neighbours by short-term lets such as the number of complaints made to the Council about anti-social behaviour.

To contribute to developing an evidence base, Edinburgh's Festivals have drawn together a very broad picture of our understanding of demand during the peak August season of 25 nights, compared with an estimate of visitor accommodation supply, informed by the following public information:

[VisitScotland 2019 Edinburgh & Lothians factsheet](#)

[Edinburgh 2019 visitor accommodation study for CEC](#)

[Edinburgh Student Accommodation Report September 2020](#)

[CEC Planning Committee paper on Short-Term Lets Control Area Feb 2022](#)

We are aware that these will be very imperfect estimates, and could be much improved by City of Edinburgh Council and industry experts working to develop the best possible intelligence, but we offer these figures based on our estimated numbers of festival-goers and participants in 2022 as an illustration of the potential order of magnitude of the situation.

- In terms of demand, our exercise has estimated that in 2022 there was a need for **54,000 bed spaces each night** of peak festivals season, of which over 9,000 bed spaces were for festival participants.
- On the supply side, our broad estimate is **68,300 available bed spaces** to cover all visitor demand in Edinburgh during the month of August, across serviced visitor accommodation and entire properties listed on Airbnb.
- From pre-pandemic figures, August visitor numbers were split about equally between festivals and wider city attractions. If half of the supply of year-round visitor accommodation is being used to meet other demands, residents offering temporary home letting or home sharing may be benefiting from letting nearly **20,000 bed spaces each night** in August to festivals audiences and participants (equal to 75% of the city's total hotel stock).

If local residents are benefiting from providing more than a third of the temporary accommodation required in peak festivals season through home letting and home sharing, decisions that increase the complexity of providing this temporary flexible accommodation would have substantial impacts on them.

To inform the Council's decisions on licensing, there should first be an assessment of the positive and negative impacts through investigating the number and pattern of temporary lets of different types, the proportion of short-term lets creating problems for neighbours, and the potential effects of new measures.

## 2.4 Encouraging temporary home letting and home sharing

### ACTIONS:

- **We call for temporary licence conditions to be more light-touch, to incentivise short term letting which retain properties as main residences and benefit the incomes of local homeowners.**
- **Any limit to the number of nights permitted for home letting should avoid disadvantaging workers delivering the festivals, when it is likely that most of the anti-social behaviour problems that are the intended target of licensing will be caused by short-term leisure visitors.**

It is in the interests of the city to maximise the amount of responsible home sharing and home letting, to bring economic benefits to residents of the city from its attractiveness as a visitor destination without affecting residential housing stocks.

We therefore support the introduction of temporary licenses to enable trials of home letting and shared letting. Temporary licenses should offer the benefits of a streamlined process, quicker timelines and fewer conditions – otherwise there is little incentive for homeowners to use this option. Conditions need to be proportionate to the length of time that licences are being issued for – it is overly onerous to expect all the same measures to be taken for 6 weeks as for 52 weeks.

We also recognise the case for a limit when home letting on the number of nights per year. This allows neighbours to be assured that the accommodation remains a main residence, while balancing the benefits to homeowners' income and city jobs of maximising flexible temporary accommodation capacity.

Any such limit should recognise the importance to the city of the peak season around the Edinburgh Fringe and Edinburgh International Festival, where a seasonal increase of workers is needed before and after August in order to prepare for and take down festival programmes and infrastructure. Accommodation for production staff and technicians can be needed for up to 12 weeks.

## 2.5 Simplifying temporary exemptions

### ACTIONS:

- **To support and encourage short-term home letting and home sharing during major events, we call on policymakers to review and minimise the conditions to be applied to those local homeowners granted temporary exemptions.**
- **It is also vital for the exemptions process to be as rapid as possible, and much quicker than the draft policy statement that the licensing service would determine temporary exemption applications within three months. This would result in long delays before temporary home letting or home sharing options could be advertised – acting as a serious disincentive for festival participants to commit to investing in bringing work to Edinburgh if they have no visibility of accommodation options until the last minute.**

We welcome the Council's intention to make temporary exemptions available during the peak festival seasons of August and Hogmanay. Residents benefiting from offering temporary lets has always been an essential ingredient in the city becoming a national and global cultural centre every August, and according to the figures we have estimated this may account for over a third of the temporary accommodation required for the 25 nights of peak season.

This form of short-term letting keeps financial benefits in the city and does not affect long-term housing stock, so the policy should do everything possible to encourage responsible short-term home letting and home sharing - especially given the cost of living crisis and impending recession. Every double room rented for six weeks at £40 per person per night, for example, is worth £3,360 in income to a local household.

The process, timelines and conditions for temporary exemptions should therefore be as light-touch and streamlined as possible, rather than applying the same process and conditions as for year-round commercial letting.

As we understand it, there is no legal requirement to apply any mandatory and additional licence conditions to those hosts granted exemptions, and it is overly onerous to expect all the same measures to be taken for 6 weeks as for 52 weeks.

This will make it an unattractive option for local people who have formerly benefited from additional income and new opportunities from sharing their homes or vacating them for short periods. Any disincentive to responsible residents making properties available for the seasonal workforce will be a very serious threat to the recovery of Edinburgh's peak festival season.