

How the SNP plunged Scotland into holiday home hell

Waves of landlord regulation threaten £133m blow to tourism economy

By Ruby Hinchliffe
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Port Bannatyne, on Bute. The island is one of Scotland's most popular holiday home destinations

It was supposed to be an easy vote winner. Heavily regulate holiday lets and give locals a chance to buy properties, rather than homes ending up on Airbnb.

But [Michael Gove's crackdown on holiday lets](#) in England risks repeating the same mistakes made by the Scottish National Party in Scotland, experts say.

Analysts have predicted a £133m hit to Scotland's tourism economy because of [waves of regulation brought in by the SNP](#), and warned it could be a sign of things to come in England, following the Levelling Up Secretary's let crackdown last month.

In England, Gove is currently consulting on changes which would force new short-term let owners to obtain planning permission, often at significant cost, and require all short-term let owners to join a fee-paying register.

Licensing and planning permission rules have already been introduced in Scotland to curb tourists' reliance on sites such as Airbnb and Booking.com, which the Scottish Government argues has pushed up rents and house prices.

In October 2022, Scotland introduced a licence requirement for new short-term let owners which also requires them to pay an annual fee.

Existing short-term let property owners have until October this year to comply, after the deadline was extended from March 2023.

In the City of Edinburgh, the Scottish Government has also introduced a blanket-wide “control area”.

Since September any property being let to visitors for the first time has needed planning permission. A smaller control area is planned for the Highlands, in the area of Badenoch and Strathspey.

But Christian Hilber, a university professor of economic geography at the London School of Economics, says politicians are facing a difficult trade off.

“The more restrictive the policy is, the greater the adverse impact on tourism. Edinburgh has made it so restrictive the market is disappearing,” he says.

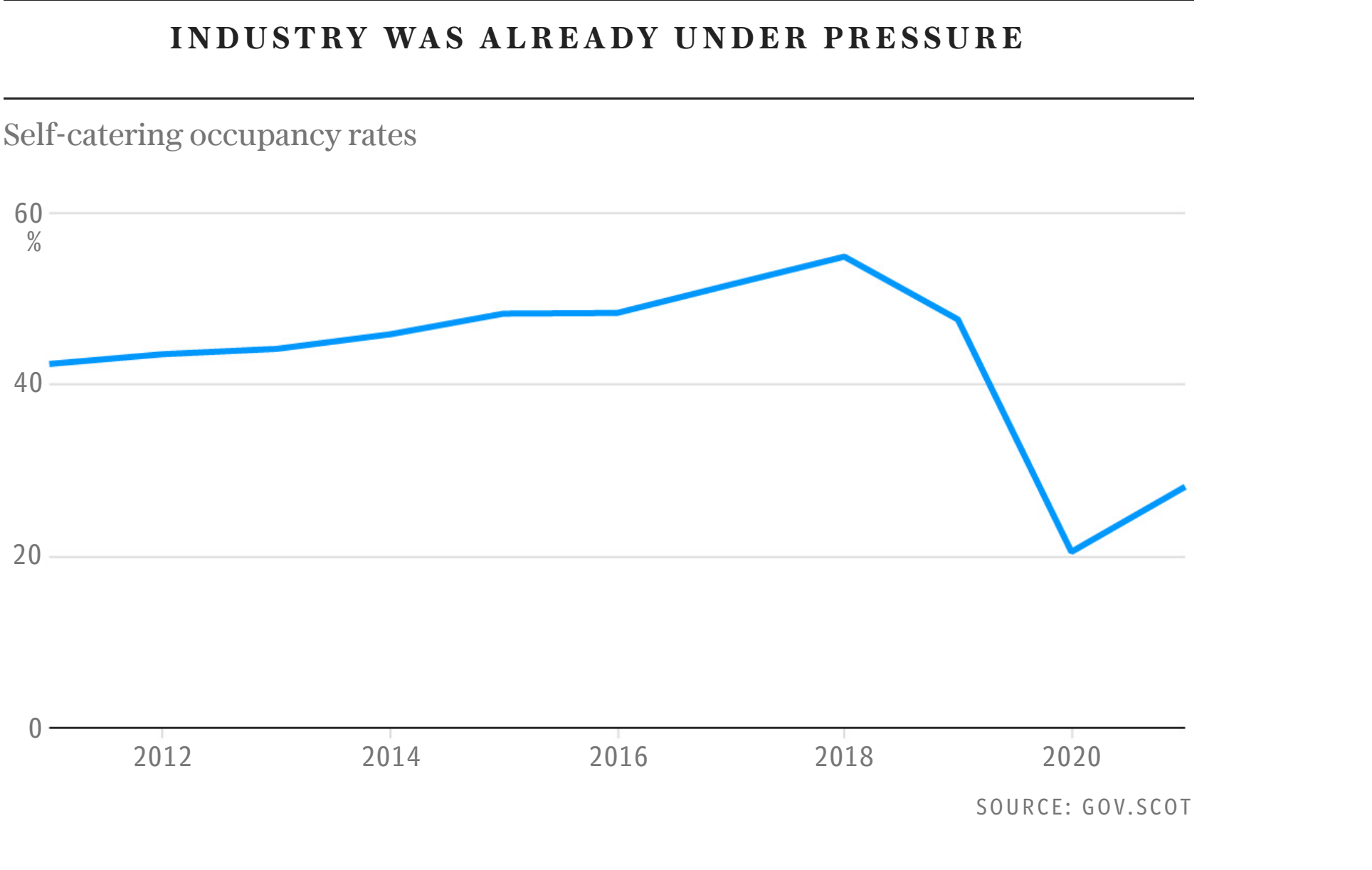
“There's no such thing as a free lunch here. Cheaper house prices for residents and no hit to tourism is not on the cards.”

Hilber believes [the planning regime in the UK](#) has already made housing supply “extremely unresponsive”. “It's a system which caters to 'nimbysm'. It's not really about regulation.”

Scotland is not the only country punishing holiday let owners, experts say. In Wales, [the Labour Government announced new rules](#) last year which require holiday lets to be occupied for at least 182 days of the year.

Previously holiday homes had to be occupied for at least 70 days.

INDUSTRY WAS ALREADY UNDER PRESSURE



If short-term let owners cannot meet that target, they face “council tax premiums” of up to 300pc of standard rates.

Meanwhile overseas, some countries have gone even further to tackle the number of second homes. In Switzerland, developers have been banned from the construction of new second homes in areas where they already account for more than 20pc of accommodation.

'Oppressive and disproportionate'

Fiona Johnston's towering Georgian apartments, dotted around the heart of Edinburgh's new town, have put roofs over the heads of holidaymakers, Fringe festival performers, politicians and traders for five years.

But the 63-year-old businesswoman says her short-term let operation is now in jeopardy because of “insurmountable barriers” brought in by the Scottish Government.

Many short-term owners were led to believe that the planning requirements introduced last year in Edinburgh were retroactive. They say this was largely due to the initial interpretation of the rules by local councils.

As a result, owners such as Johnston have already tried, and failed, to obtain planning permission.

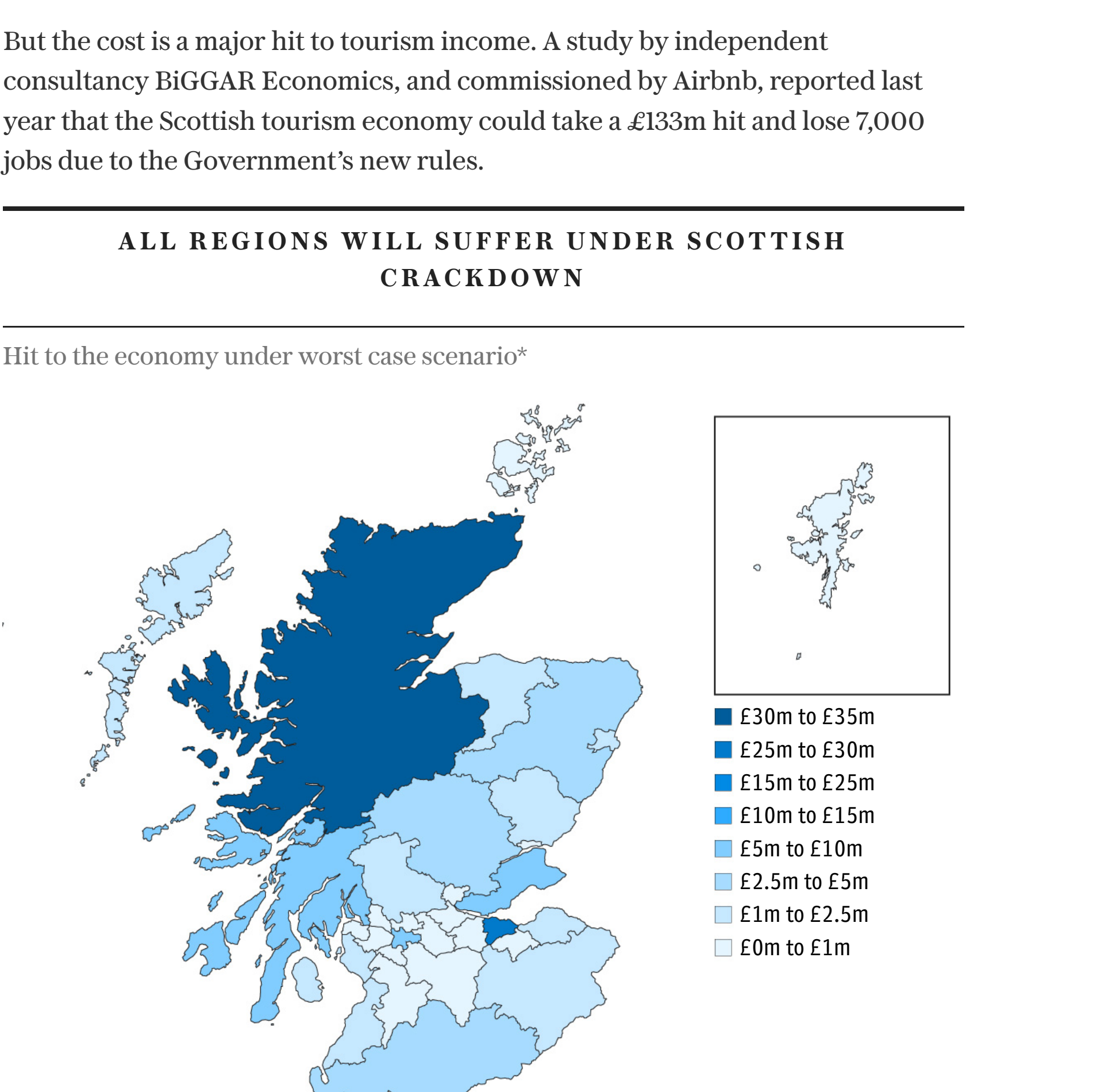
Edinburgh council refused her application on the basis it could not guarantee an “unscrupulous operator” would not operate out of the same flat at some point in the future and cause problems.

She has since written to Scotland's first minister, Humza Yousaf, challenging the decision. Johnston says the Government's new rules are “oppressive and disproportionate”.

The crackdown on holiday lets in Scotland is in an effort to free up housing stock for locals, echoing similar measures being taken in Wales, and more recently England.

But the cost is a major hit to tourism income. A study by independent consultancy BIGGAR Economics, and commissioned by Airbnb, reported last year that the Scottish tourism economy could take a £133m hit and lose 7,000 jobs due to the Government's new rules.

ALL REGIONS WILL SUFFER UNDER SCOTTISH CRACKDOWN



The typical host in Scotland on Airbnb shares their entire home for less than three nights a month and earns around £6,000 a year. Experts warn similar economic damage could occur in England if strict new rules are brought in.

A Scottish Government spokesman says its short-term let licensing legislation gives local authorities powers to strike a balance between “the needs and concerns of local communities”, and the wider economic and tourism benefits of short-term lets.

“Local authorities determine their own licence fees to recover establishment and running costs specific to their area which is why fees charged by licensing authority vary,” they say.

New rules ‘could crash housing market’

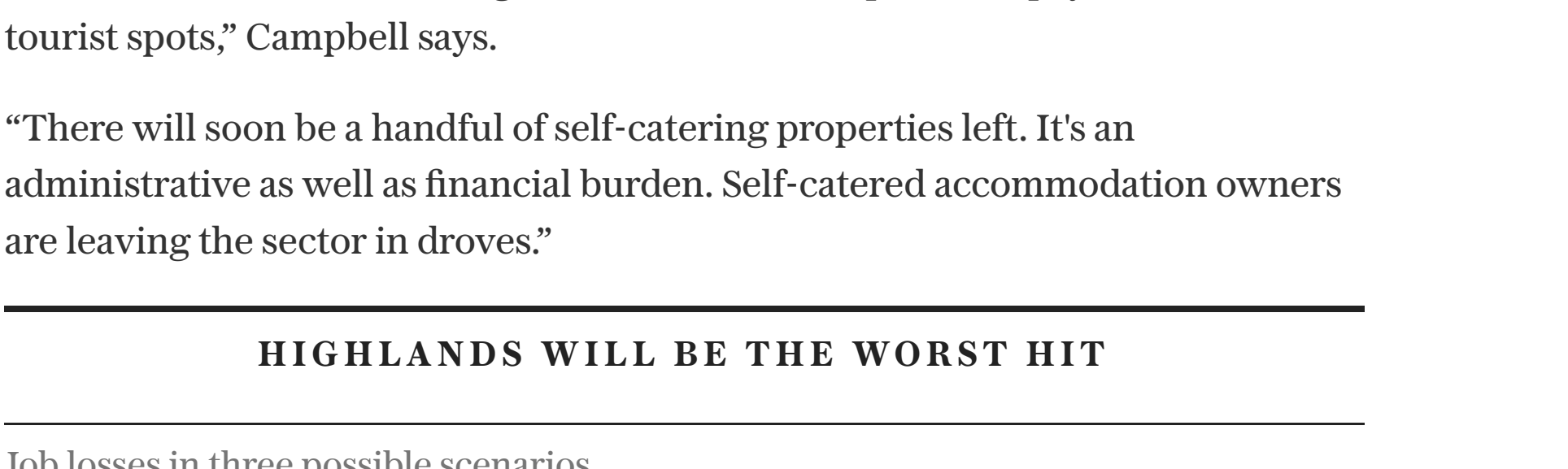
Fiona Campbell, 48, who runs the Association of Scotland's Self-Caterers (ASSC), says the highest fee recorded so far was £5,869 for a one-year licence in Edinburgh. The average cost of a licence, according to the Scottish Government, is £214 to £434.

“There's been this narrative from the Government that we are the cause of the housing crisis.

We are not the enemies. Our guests boost the local pubs and pay to use the tourist spots,” Campbell says.

“There will soon be a handful of self-catering properties left. It's an administrative as well as financial burden. Self-catered accommodation owners are leaving the sector in droves.”

HIGHLANDS WILL BE THE WORST HIT



The Scottish Government says housing minister Paul McLennan has met the ASSC and will hold further meetings soon.

But in the meantime, owners are left with mounting bills.

Alongside the annual licensing fee, the licence itself requires owners to tighten up their health and safety checks – meaning hundreds of pounds more spent on risk assessments, layout plans and rising insurance costs.

But the kicker is for owners in control areas, who must pay around £1,000 per planning application.





Campbell says: “We don't have a problem with health and safety. But it's the cumulative effect. Neighbour objections are a big hurdle. It's costing members £1,000 to get a representative to combat neighbours who are making spurious claims.”


A big fear of Ms Campbell's is that the new rules may crash the housing market entirely, because people cannot buy, invest or sell in properties affected by the licensing scheme.

“Unfortunately, Scotland is increasingly becoming a case study in how not to regulate short-term lets,” she says.

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